



WHY**PORTUGAL** 2026

# INVESTING IN PORTUGAL

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# FOREWORD

In 2025, Portugal's economy grew by 1.9% annually, slightly below the 2.1% recorded in 2024, driven by net external demand despite slowing internal investment and household consumption. The economy is projected to accelerate to 2.2% growth in 2026, aided by domestic demand, job creation, wage increases, and declining energy import prices.<sup>1</sup>

GDP growth is supported by the implementation of the «Recovery and Resilience Plan» (*Plano de Recuperação e Resiliência*, "PRR") (2021-2026, €22,216 million) and easing financial conditions, including lower interest rates, robust domestic demand and expansionary fiscal policies. Other relevant data indicates that private consumption has also risen in 2025 due to higher disposable income availability, allowing families to spend more freely as their take-home pay increases.

Public debt fell to 93.6% of GDP in September 2025 (lowest since 2009) and is projected to fall to 80% of GDP by the end of the decade.<sup>2</sup>

Portugal's commitment to energy transition and technological developments is attracting international and local investors in solar and wind power projects. Investors are waiting for the government to open up public tenders to develop offshore wind power projects on the coast of Portugal.

In a world of many uncertainties, with wars raging in Ukraine and the Middle East, Portugal remains a safe harbour for international investors. According to the Institute for Economics & Peace's "Global Peace Index 2025", Portugal is one of the safest countries in the world, ranking 7<sup>th</sup> in the most peaceful countries in the World and 4<sup>th</sup> in Europe.<sup>3</sup>

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<sup>1</sup> See [Economic forecast for Portugal - Economy and Finance - European Commission](#) and [Portugal: OECD Economic Outlook, Volume 2025 Issue 2 | OECD](#)

<sup>2</sup> [Portugal registers a 1% budget surplus in the first half of the year](#)

<sup>3</sup> [World's Most Peaceful Country 2025 Global Peace Index](#)

This guide reviews the main aspects foreign investors consider when looking at Portugal as a place to invest, such as how to set up a business, government incentives, employment rules, taxation, intellectual property protection, real estate, and the judicial system.

For more information, go to [www.macedovitorino.com/en/Why-Portugal](http://www.macedovitorino.com/en/Why-Portugal)



# I. GENERAL INFORMATION

Portugal is situated on the southwest coast of Europe, bordering only with Spain. With a territory of 92,152 Km<sup>2</sup>, Portugal has the largest maritime zone in Europe. Its continental platform borders the American platform.

Portugal's population is approximately ten million people. Most of the Portuguese population lives on the mainland, with less than 5% residing in the Azores and Madeira.

Portugal has a history of over 800 years, with borders established more than 500 years ago. This has resulted in a homogeneous population that shares common values despite regional differences. Internal migration within the country is common, particularly toward the more populated coastal areas.

Emigration to other European countries was common, especially during the 1950s, 60s, and 70s, when people sought better living conditions in Germany, France, and Switzerland, as well as in the United States of America and Canada.

Nowadays, many Portuguese continue to emigrate abroad, though with higher qualifications than in the past.

Portuguese belongs to the group of Romance languages derived from Latin.

Today, Portuguese is the sixth most spoken language in the world, spoken by around 270 million people in Portugal, Brazil, Angola, Cape Verde, Mozambique, Guinea-Bissau, São Tomé and Príncipe, and East Timor.

English is spoken by many people, especially in Lisbon, Porto, the Algarve, and other tourist destinations. Although most Portuguese people do not speak Spanish, they can generally understand it. French is less widely spoken in Portugal than it used to be, having been replaced by English as the second language taught in schools. However, it is still spoken by some people.

# 2. POLITICAL SYSTEM

In the last quarter of the 20th century, Portugal underwent profound political, social, and economic changes.

Portugal is a republic based on a parliamentary democracy. Legislative power lies with the Parliament, composed of 230 deputies elected by universal suffrage for four-year terms. The Government holds executive power, but depends on the support of the Parliament, which also has the power to remove it.

The President of the Republic has limited powers, although he can influence the decisions of Parliament and the Government, and has the authority to dissolve Parliament under very exceptional circumstances.

Laws and decrees approved by Parliament and the Government, respectively, are promulgated by the President of the Republic. The President may veto legislation and refer laws to the Constitutional Court for review of their constitutionality.

Laws and decrees approved by Parliament and the Government may also be submitted to the Constitutional Court for constitutional review by a certain number of deputies or by the Ombudsman. The Constitutional Court's decisions are binding for all courts and public authorities.

Portugal has been a member of the European Union since 1986 and is a founding member of the Eurozone, the United Nations, the North Atlantic Treaty Organization ("NATO"), and the Organisation for Economic Co-operation and Development ("OECD").

Portugal is also a member of the Community of Portuguese-Speaking Countries (*Comunidade dos Países de Língua Portuguesa*, "CPLP"), an organization that brings together all nations with Portuguese as an official language, and party to numerous bilateral treaties, including those aimed at avoiding double taxation.

# 3. CURRENCY AND BANKING SYSTEM

Portugal is one of the founding members of the Euro, the currency adopted by 20 European countries. The Euro is the second most traded currency in the world, after the United States Dollar.

The currency symbol is “€”, and it includes seven banknotes and eight coins: banknotes of 200, 100, 50, 20, 10, and 5 euros, and coins of 2 and 1 euros, as well as 50, 20, 10, 5, 2, and 1 cent.

The Bank of Portugal is the central authority supervising the banking system and is also a member of the European System of Central Banks (“ESCB”).

The main banks operating in Portugal are:

- Caixa Geral de Depósitos, owned by the State;
- Millennium BCP, listed on Euronext Lisbon;
- Santander Totta, fully owned by the Spanish banking giant Santander;
- BPI, now controlled by the Spanish bank LaCaixa; and
- Novo Banco, which succeeded Banco Espírito Santo after a resolution measure in 2014 — at that time, the oldest Portuguese bank. Novo Banco was recently acquired by Crédit Agricole, a leading French bank.

The Portuguese banking system is modern and efficient, offering a wide range of financial products, despite the difficulties it faced following the 2008 global financial crisis and the international bailout of Portugal in 2011, which led to the collapse of several banks — namely Banco Espírito Santo, Banif, Banco Português de Negócios, and Banco Privado Português — and to changes in the ownership structure of many others.

The banking system provides credit to companies and individuals at competitive rates, although lending conditions are now stricter than before the crisis due to increased regulatory pressure.

The Portuguese capital market is governed by the Securities Code, national legislation, and European regulations and directives. The Portuguese stock exchange, Euronext Lisbon, is part of the Euronext Group.

Portugal was a pioneer in establishing a nationwide ATM network, which allows cash withdrawals, fund transfers, and other services throughout the country.

Major credit and debit cards (Visa and Mastercard) are accepted in most commercial establishments.



# I. MOVING TO PORTUGAL

## I.1. WHEN IS A VISA NOT REQUIRED?

Citizens of non-European Union countries that are part of the Schengen Area — Iceland, Liechtenstein, Norway, and Switzerland — as well as nationals from certain third countries, including the United States, Singapore, and the Hong Kong and Macao Special Administrative Regions, do not require a visa for short stays in Portugal. British citizens may also visit Portugal for holidays or short visits of up to three months without a visa, provided they hold a valid passport covering the entire duration of their stay. Nationals from these countries are only required to present an identity card or passport issued by their country of origin upon entry.

EU citizens intending to reside in Portugal for more than three months must apply for a registration certificate at the local municipality within 30 days after completing their initial three months of stay. After holding a registration certificate and residing in Portugal for over five consecutive years, individuals are required to apply for a permanent residence certificate, which is issued by the Immigration Agency (*Agência para a Integração, Migrações e Asilo, I.P.*, "AIMA").

## I.2. WHEN IS A VISA REQUIRED?

To enter Portugal, non-EU citizens must obtain a valid travel visa and a recognised travel document and must not be subject to any alerts from AIMA.

Citizens of third countries who wish to reside in Portugal must apply for a residence visa at the Portuguese consular services in their country of residence. This long-term visa allows the holder to stay in Portugal for up to four months, during which time they may apply for a temporary residence permit issued by AIMA.

There are several subtypes of residence visas, including:

- visas for subordinate professional activity;

- visas for independent professional activity or for entrepreneurial migrants;
- visas for teaching, highly qualified, or cultural activities;
- visas for research, study, exchange programmes for higher education or secondary school students, internships, and volunteering; and
- visas for family reunification.

Foreign nationals who are unable to provide for their own sustenance are not allowed to enter the country, whether for a temporary stay or as a transit to another country where their admission is assured.

# 2. GOLDEN VISA

## 2.1.1. GOLDEN VISA REQUIREMENTS

The Residence Permit for Investment Activity (*Autorização de Residência para Atividade de Investimento*, "ARI"), commonly called «golden visa», is designed for investors from non-EU countries seeking residence in Portugal. «Golden visa» grants holders the right to free movement within Portugal and other Schengen countries.

This programme allows residence permits for individuals who make significant investments in Portugal and meet specific criteria. In addition to the general requirements for residence permits, obtaining a golden visa requires a mandatory investment in one of the following areas:

- creating at least ten job positions, with the investment evaluated every two years to assess its impact on job creation;
- transferring €500,000 to public or private scientific research institutions within the national scientific and technological system. This investment is also evaluated every two years to measure its impact on scientific and cultural activities;
- transferring €250,000 to support artistic productions or the preservation of national cultural heritage;
- transferring €500,000 for the acquisition of shares in non-real estate collective investment funds; or
- transferring €500,000 to create a new company or contribute to an existing one, plus creating at least five permanent jobs or maintaining at least ten jobs (with a minimum of five permanent positions for at least three years). This investment is evaluated every two years to assess its impact on foreign direct investment and job creation.

Real estate investments are no longer eligible for the golden visa programme. However, this change does not affect the renewal of residence permits for investments made before the new law took effect on 7 October 2023. Applications submitted before that date, and still pending a decision, are also not impacted.

Under the revised golden visa programme, no investment activity may be directly or indirectly related to real estate.

Non-EU citizens may have their residence permit applications refused, or existing permits cancelled, if they are subject to EU sanctions.

The residence permit must be renewed every two years, provided the applicant continues to meet the investment requirements.

The investment may be made in the applicant's own name or through a single-member limited company registered in Portugal, provided the applicant is the sole owner.

### **2.1.2. HOW TO OBTAIN A GOLDEN VISA?**

In addition to one of the investments already listed, to obtain a «golden visa», the applicants must also:

- be physically present in Portugal, have or rent a residence in the country and have sufficient means to support themselves;
- be registered with the Portuguese Social Security Authority if the activity in question is subject to registration in Portugal;
- not have been convicted of criminal offences, punished with imprisonment for a year or more or with entry ban in Portugal;
- not have been flagged in the Schengen Information System and in the Portuguese authorities' information system to bar their entry into the country;
- hold a valid Schengen visa (if not exempt by any visa waiver); and
- apply for the legalization of the stay in Portugal within 90 days after the first entry.

The application for ARI («golden visa») must be submitted online (<http://ari.sef.pt>) for prior validation by AIMA. Once the application has been validated, the applicant is then allowed to make the appointment to go to AIMA facility, since the submission of documents related to the investment and the collection of biometric data is mandatory to be done in person.

The administrative cost of a residence permit application is approximately €6,939.87 and €2,906.61 for each renewal. If all requirements are met at the outset and the

services require no further due diligence, the authorization is normally granted within 120 days of submitting the form and its documents.

Following the changes to the income tax laws, the holder of a «golden» visa will no longer benefit from special taxes applicable to non-habitual residents but may benefit from lower taxes since investment in funds does not involve heavy taxes and duties like the investment in real estate.

In addition, holders of «golden» visas are entitled to apply to extend the residency visa to family members, who are eligible to obtain permanent residence for themselves and their families after five years of holding a temporary residence permit in Portugal, with a stay requirement of only seven days per year.

# 3. START-UP VISA PROGRAMME

As a follow-up to the original golden visa programme, IAPMEI, the Portuguese Investment Agency (*IAPMEI – Agência para a Competitividade e Inovação*) set up the “Start-Up Visa” programme which aims to promote the creation of new businesses and innovative projects.

The programme is intended for entrepreneurs who wish to develop entrepreneurial or innovative projects in Portugal, even if they haven’t already set up a company or if they have business projects in their countries of origin and that wish to carry on their activity in Portugal. Candidates must fulfil the following requirements:

- not to have a permanent residence in a country of the Schengen Area;
- to have fulfilled their obligations before the Portuguese Tax Administration and Social Security (if applicable);
- not to have a criminal record;
- to be of age; and
- to possess the financial resources equivalent to 12 times the Social Support Index (*Indexante dos Apoios Sociais, "IAS"*);

For the presentation of the application, the candidate must complete an online form with his identification and the other entrepreneurs involved and also the description of the project, accompanied by the following documents:

- letter of motivation;
- copy of the passport;
- criminal record from their origin country;

- statement from the bank that proves the existence of own financial means of sustenance and the possibility of transferring these funds to a bank operating in Portugal; and
- curriculum vitae.

Applicants should submit their application to one or more incubators on the certified incubators list. In the second phase, the entrepreneur must complete the application information and submit it to IAPMEI through an online platform. Eligible entrepreneurs under the programme will conclude an incubation contract with the certified incubator.

# 4. EDUCATION

## 4.1. OVERVIEW

Over the past decades, the Portuguese educational system has seen significant improvement. Education is universal, free, and compulsory until the age of 18. Parents are obligated to enrol children in a State or private school and the student has the obligation to attend school.

The education system in Portugal comprises public schools managed by the State, autonomous regions, municipalities, and other public entities, as well as private schools operated under a State-issued license.

Schools and educational facilities within the national education system are deemed to be of public interest.

Because the number of foreign nationals has been increasing in recent years, many of whom do not have Portuguese as their mother tongue, most schools have professionals that speak more than one language.

Many Portuguese schools are prepared to educate foreign children of all ages in more than one language.

## 4.2. EDUCATION LEVELS

The Portuguese school system is organised in three levels: pre-school education (ages 3 to 5), primary education (typical ages 6 to 14) and secondary education (ages 15 to 17).

### 4.2.1. PRE-SCHOOL, PRIMARY AND SECONDARY EDUCATION

Pre-school education covers children from the ages of three to five years. The State is responsible for ensuring a network of pre-school facilities allowing the enrolment of all five-year-old children and education for such children, free of charge. It is provided by the State, by private and cooperative bodies, by private social solidarity institutions and not-for-profit institutions.

State primary school is universal, compulsory and free of charge with respect to enrolment, attendance and certification fees and costs. It is intended for children aged between six and fifteen.

Secondary education is a cycle of specific studies and includes various courses intended principally to prepare young people to go on to higher education or to enter the labour market.

Access to secondary education requires prior completion of primary school. It takes three years with a large variety of courses including professional courses. Upon completion and approval, the students are granted a certificate for purposes of access to university or employment, as the case may be.

#### **4.2.2. HIGHER EDUCATION**

At present, higher education in Portugal is divided into two subsystems: university education and non-university higher education (polytechnic education), and it is provided in State and private universities and non-university higher education institutions (both State and private). Access to higher education requires prior completion and approval in secondary school or equivalent.

Universities award first degrees, master's degrees and doctorates, including Ph.D. Polytechnic institutions award first degrees and master's degrees.

Students over 23 years, who have not completed secondary school, may also have access to higher education provided they complete and approve specific entry tests.

According to the Times Higher Education World University Rankings of 2025, there are 17 Portuguese universities ranked in the top universities in the world.

In 2025, Portugal strengthens its position in international business education, with five management and business schools featured in the prestigious Financial Times European Business Schools ranking. Among them, Nova School of Business & Economics stands out, ranked 8th globally in the Financial Times Masters in Management ranking, marking the highest position ever achieved by a Portuguese institution in this category. Católica Lisbon School of Business & Economics also maintains strong international recognition, securing the 27th place worldwide in the same ranking.

### 4.2.3. STATE AND PRIVATE SCHOOLS

Portugal has a network of State schools which covers the entire country and serves approximately 1.2 million students.

There are also many private schools in Portugal, spread nationally across all main cities in the country. According to the official data, approximately 341,222 students are enrolled in private schools.

In general, private schools have better facilities than State schools and offer many extra-curricular activities. Private schools tend to top the national education rankings, which measure the students' results at the end of second and third learning cycles.

The differences seem to result from the different approach and better resources of private schools, but also from the students' social and economic differences. Several State schools also show good results.

To be admitted to private schools may require passing admission tests and the payment of tuition fees. Admission is at the discretion of the school board. There are English-speaking international schools in Portugal, especially in primary and secondary education, which can be found mainly in Lisbon, Porto and Algarve.

Some schools follow international programmes such as the «International Baccalaureate» programme, the British «GCSE and GCE» examination systems, and the «Council of International Schools» accreditation, which allow students to access several foreign universities without the need for special admission procedures.

Some countries have established schools in Portugal with dual language teaching which follow their national curricula and are also recognised by the Portuguese Government.

France established the «Lycée Français Charles Lepierre» in Lisbon and the «Lycée Français International» in Porto, Germany has two schools, «Deutsche Schule» in Lisbon and Porto, and Spain one school in Lisbon, «Instituto Español, Giner de los Ríos». The most well-known school that teaches in English is the St. Julian's School, located in Carcavelos, near Lisbon, founded in 1932.

Graduation from these schools gives access to universities in the respective home countries.

Many State and private schools in Portugal offer the opportunity to learn other languages besides English, such as Spanish, German and French.

# 5. HEALTHCARE

## 5.1. OVERVIEW

In the World Health Organization's World Health Statistics 2024, Portugal is recognised for its strong healthcare access, ranking third globally with 88 points out of 100. This ranking, shared with the UK and Germany, highlights Portugal's excellence in healthcare, particularly in areas like maternal and child health, infectious diseases, non-communicable diseases, and service capacity. <sup>4</sup>

The WHO's report also notes that Portugal's life expectancy at birth was estimated at 81.49 years in 2022–2024, with 78.73 years for men and 83.96 years for women, showing a positive trend in overall health and Portugal's progress in global health goals.

## 5.2. THE PUBLIC HEALTH SYSTEM

Portugal has a public health system financed by the State budget, the National Health System (*Sistema Nacional de Saúde*, "SNS").

SNS beneficiaries pay reduced fees (in many cases, much below cost) for the use of emergency services. Other consultations, exams, surgeries and clinical services are free of charge.

There are also public health sub-systems that include several professional sectors which operate independently or under agreements with the SNS.

The main State health subsystem is the health assistance system for the civil servants, named "ADSE"; other examples are the clinics and hospitals of the bank workers ("SAMS") trade union and the military personnel health system.

EU citizens residing in Portugal and working in another EU country are entitled to health treatment in both countries.

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<sup>4</sup> [World Health Organization Data \(Portugal\)](#)

In this case, the individual must obtain an «SI Form» (certificate of entitlement to health care in another EU country) from the social security of the country where they are registered and deliver it to the Portuguese local district social security centre of their place of residence. The «SI Form» gives access to health care in Portugal on the same terms as Portuguese citizens.

The same applies to retirees living in Portugal who receive a pension from an EU country.

Citizens of the European Union countries, as well as of Iceland, Liechtenstein, Norway, and Switzerland may obtain treatment in Portuguese SNS hospitals with a European Health Insurance Card ("EHIC") (issued in the country of origin).

Overseas citizens holding Portuguese residency permits must be registered at a Health Centre and must hold a «User's Card» (*Cartão de Utente*), which may be obtained at the Health Centre by presenting a document showing proof of residence authorisation.

Non-EU citizens may have to pay some additional fees for public healthcare in Portugal; the amount will depend on whether there is a reciprocal healthcare agreement between Portugal and the home country.

### 5.3. PRIVATE HOSPITALS

Portugal has several private hospitals, which have agreements to offer services at reduced rates to holders of health insurance policies as well as beneficiaries of the national health service and members of other public health subsystems.

According to the Portuguese National Statistical Institute, Portugal has 130 private hospitals, slightly more than half of the 242 hospitals that exist in the country.

In 2024, private hospitals recorded a total of 1.5 million emergency episodes, representing approximately 20% of the total emergency care provided in the country.

In general, private hospitals offer any necessary medical care services and, in some cases, have achieved international recognition for their excellence, like Fundação Champalimaud, which has established a world-leading centre for research and treatment in neuroscience, oncology, and vision care.

In highly specialized areas of medicine, public hospitals are generally well equipped and, in some cases, surpass private hospitals, despite high demand. For example, the Institute of Hygiene and Tropical Medicine, part of the SNS, is recognised as one of the world's leading institutes in tropical diseases.

#### 5.4. HEALTH INSURANCE

A substantial portion of the Portuguese population is covered by private health insurance. Both Portuguese and international companies provide health insurance to employees, which typically extends coverage to their families.

Several leading insurers offer health insurance policies in Portugal, including Multicare, Fidelidade, Ocidental, Tranquilidade, and international companies such as Allianz.

Health insurance policies are typically renewed annually, with premiums recalculated each year. The cost of premiums depends on various factors, including the insured's age, pre-existing medical conditions, and overall health risks, as well as the level of coverage.

Certain expenses related to private health insurance may be deducted from taxable income for personal income tax purposes.

#### 5.5. PHARMACIES AND COST OF MEDICINES

The Portuguese State covers part of the cost of most medicines, with some being fully subsidised, particularly those essential for treating certain illnesses. Patients receive partial reimbursement when purchasing prescribed medicines.

Prescription medicines are mainly available in pharmacies. Some non-prescription medicines, such as painkillers or vitamins, may also be sold in commercial outlets like supermarkets or convenience stores, provided they are properly supervised by qualified staff. These establishments are marked by a green cross on a white background.

#### 5.6. EMERGENCIES

In case of a medical emergency, dial 112, the EU-wide emergency number. This number is free to call and can be reached from any mobile phone, even without a SIM card. For

general medical advice in Portugal, you can contact a 24-hour health support call centre at 808 24 24 24 ("Saúde 24"). This service is also free of charge.



# I. PORTUGAL 2030

Portugal 2030 is an investment programme amounting to €23,000 million, which implements the Partnership Agreement signed between Portugal and the EU on 14 July 2022.

The main goals of this programme are as follows:

- to improve innovation, technological development, and competitiveness in Portugal;
- to address the goals outlined in the Paris Agreement by investing in the green transition, renewable energy, and the fight against climate change and global warming;
- to enhance the public transportation network;
- to promote better education, employment, social inclusion, and equality in access to public healthcare; and
- to implement development strategies with local governments and create "green" cities.

Portugal 2030 is structured into [12 programmes](#), which were approved in December 2022:

- seven regional programmes corresponding to Intermunicipal Communities and Metropolitan Areas ("NUTS II")<sup>5</sup>, including 2 programmes for the Azores and Madeira;
- four thematic programmes covering demographics, skills and inclusion, innovation and digital transition, climate action and sustainability, and the sea; and
- one Programme for European Territorial Cooperation divided into 4 different areas (cross-border, transnational, interregional and outermost regions).

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<sup>5</sup> NUTS II regions are statistical divisions for regional policy.

The aim of Portugal 2030 is to achieve measurable results. For a project to be approved, beneficiaries must commit to financial execution and achieve the agreed-upon results. Progress is subject to audits and monitoring.

The programme funding sources include:

- European Regional Development Fund ("ERDF") with €11,500 million (plus €139 million under European Territorial Cooperation);
- European Social Fund Plus ("ESF+")<sup>6</sup> with €7,800 million;
- Cohesion Fund with €3,100 million;
- Just Transition Fund ("JTF") with €224 million;
- European Maritime, Fisheries and Aquaculture Fund ("EMFAF") with €393 million; and
- an additional €1,048 million under the Connecting Europe Facility ("CEF").

As announced in January 2025, Portugal COMPETE 2030 will mobilise €3,000 million in European funds, one of the four thematic programmes, to be supplemented with €935 million in other government programmes. By the end of December 2025, open calls for proposals under Portugal 2030 totalled €11,034 million.

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<sup>6</sup> ESF+ or "European Social Fund Plus" is an EU employment support fund.

## 2. RECOVERY AND RESILIENCE PLAN

The Recovery and Resilience Plan (*Plano de Recuperação e Resiliência*, "PRR"), spanning from 2021 to 2026, is the Portuguese programme aimed at promoting economic and social recovery following the COVID-19 pandemic. Funded by the European Union, the PRR encompasses reforms in areas such as digital transition, environmental sustainability, and territorial cohesion, with the objective of strengthening the country's resilience, fostering inclusive and sustainable growth, and enhancing European convergence in the next decade. It is endowed with a current total budget of 22.216 billion euros, following adjustments made in 2025.<sup>7</sup>

The government plans to invest in 83 infrastructure projects using PRR funds, with €22,200 million in the transportation sector, €13,060 million in renewable energy, and €7,418 million in environment-related investments.

The PRR comprises approximately 117 investment streams and 44 reforms (post-reprogramming), with a strong emphasis on resilience, climate transition, and digitalisation.

Following the submission of Portugal's 8<sup>th</sup> Payment Request on 14 November 2025 and subsequent simplification adjustments, the Portuguese government projects to reach 68% financial execution (€15,096 million) and 61% completion of milestones at the end of 2025.

The PRR projects include the construction of the high-speed rail link to Porto, the largest ongoing infrastructure investment in Portugal, scheduled for completion by 2032. The tender for the first section has been awarded, and the tender for the second section

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<sup>7</sup> PRR is funded by the NextGenerationEU programme approved by the European Council on 21 July 2020, following a proposal from the European Commission.

has been recently announced. The government has also prioritised the feasibility study for high-speed rail links between Porto and Trás-os-Montes in north-eastern Portugal.

PRR is a programme approved by the European Commission for implementation in Portugal. It aims to restore sustainable economic growth and strengthen European convergence over the next decade.

Following the 2023-2025 revisions, including the «REPowerEU» component, PRR totals approximately €22,200 million, comprising around €16,300 million in grants and €5,900 million in loans, as approved at the European Union level. The original execution deadline of 31 August 2026 for milestones and targets remains in place.

The main objectives of PRR are:

- **Improve Social and Economic Resilience** (61% of PRR): enhance economic recovery from the Covid19 pandemic and improve the capacity to respond to future crises and challenges, focussing on social, economic, and productive sectors.
- **Promote Climate Transition** (21% of PRR): promote the use of more sustainable resources, boost renewable energy production, and support the decarbonisation of the economy and society.
- **Promote Digitalisation** (18% of PRR): stimulate digital inclusion through education and training in digital skills and facilitate the digital transformation of businesses and government operations.

Applications for PRR grants and loans are submitted online at [«Recuperar Portugal»](#). The approved PRR grants are formalised through a contract between the mission unit «Recuperar Portugal» and the beneficiaries of the grants.

# 3. PROCEDURES FOR OBTAINING INCENTIVES

## 3.1. LEGAL FRAMEWORK

The general regime for the application of EU funds is set out in Decree-Law 20-A/2023, of 22 March 2023, which establishes the rules for eligibility, obligations and other procedural aspects of Portugal 2030. Portugal 2030 is also subject to Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021.

PRR is governed by Decree-Law 53-B/2021, of 23 June 2021, which sets out exceptional rules for budget execution and simplified procedures, as well as specific regulations for each call. Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021.

The various procedural aspects concerning Portugal 2030 and PRR follow broadly the same structure and formalities that we summarise below, although they are subject to either Decree-Law 20-A/2023 or Decree-Law 53-B/2021 as referred to above.

## 3.2. ANNOUNCEMENT OF INCENTIVE PROGRAMMES

The specific incentive programmes under Portugal 2030 and PRR are approved by a ministerial order and announced in a notice published in the official gazette (*Diário da República*) and on the responsible agency's websites, containing the rules of each programme.

The ministerial order approving the programme establishes the object, eligible expenses, level of support and names the managing entity. The programme notice contains the rules that businesses must follow detailing:

- the programme's objectives;

- the total amount available under the programme;
- the eligibility criteria;
- the availability period; and
- the conditions of the grants.

Each programme's notice is usually accompanied by a practical guide and a procedure manual concerning the application process, as well as templates of the statements and documents to be submitted by the applicants and the evaluation criteria.

### 3.3. MAIN ELEMENTS OF INCENTIVE PROGRAMMES

Incentive programmes follow broadly the same rules, although each programme has a specific set of rules and may be more or less complex depending on the nature of the programme, types of government incentives and the potential beneficiaries.

The following are the main aspects of each programme.

#### **(1) Businesses' eligibility requirements**

Each incentive programme notice will specify the types of entities that may apply – small and medium sized companies ("SMEs"), large enterprises, companies owned or controlled by the State and local and regional authorities – and may be directed to particular sectors or activities or to specific regions.

All programmes generally require beneficiaries to be in good standing, to provide evidence that they have complied with their tax obligations standing and cannot be considered in distress, *i.e.*, to be insolvent or under analogous creditor protection.

Foreign companies doing business in Portugal through a branch or with a permanent establishment may benefit from some incentives, but it is generally advisable that they should have a local subsidiary to apply to the incentive or to partner with a local company.

Some incentive programmes allow the participation of foreign companies. However, the number of such programmes is limited. As most incentives require a Portuguese legal entity, it is generally advisable for foreign companies to have a local subsidiary or partner with a local company in order to apply.

## **(2) Project eligibility**

The programmes' notices also define the types and purposes of the projected incentives, which may include, among other things:

- innovation and productivity improvements;
- internationalisation;
- digitalisation; and
- environmental and sustainability projects.

For example, competitiveness incentives may include incentives for "Production Innovation" or "Qualification and Internationalisation of SMEs".

## **(3) Eligible expenses**

Typically, eligible expenses include:

- capital investments (such as equipment, machinery etc.);
- technology and software;
- internationalisation costs; and
- consulting services.

In general, routine operating costs, maintenance investments, periodic costs, land and used-asset purchases, intra-group transactions and advertising are excluded. Costs with the acquisition of services and goods from related parties are also excluded.

In Portugal, the percentage of eligible costs covered varies by programme, region, company size, and type of investment. Generally, subsidies cover around 30% to 40% of eligible costs, particularly in innovation, productive investment and competitiveness incentives.

In specific cases, higher rates may apply, for example:

- research and development;
- innovation projects;
- entrepreneurship incentives; or

- projects located in less developed or low-density regions.

These are just some examples of incentives that may benefit from increased co-financing rates, which can reach 50% to 60%, and in more exceptional cases up to a maximum of around 80% of eligible costs. The remaining share of the investment must always be financed by the beneficiary.

In addition, incentive programmes usually define a total budget per call and set minimum and/or maximum subsidy amounts per project, or a maximum eligible project budget, all of which are detailed in the respective programme notice.

#### **(4) Submission period**

Each programme notice specifies an application period. This window is usually between 30 and 60 days per round. Some incentives may extend the application deadline and occasionally establish a second or even a third round of applications when the project budget is not fully allocated in the first or second rounds.

Submissions after the deadline are not admissible; official notices generally state that applications not fully prepared or submitted on time will be excluded.

#### **(5) Documentation**

The programmes' notices and attachments list all required documents. Typical requirements include:

- an investment plan with technical justification;
- recent financial statements;
- a business plan with a detailed budget;
- legal status certificates;
- a feasibility study;
- tax and social security clearances; and
- incorporation documents like articles of association.

When businesses apply as a consortium or with partners - for example, with the support of a scientific or academic institution - the application must include information and

documentation regarding each entity. The application documents follow a predetermined format and must be prepared in the language specified in the programme notice, in some cases Portuguese and in others English.

### 3.4. APPLICATION PROCEDURE

Although investment incentives in Portugal follow similar procedures, each incentive programme is different, and the level of complexity of the application process can vary.

Programmes such as Portugal 2030 or PRR have specific regulations, eligibility rules and procedural requirements. Each programme uses a dedicated online platform, [Portugal 2030](#), [PRR Portal](#), and [Balcão dos Fundos](#) (an EU funding portal), or the regional and theme programme websites.

We provide below an overview of some of the aspects that businesses should take into account in the selection, preparation and submission of their application.

#### **(1) Verification of eligibility**

To verify the purpose, the eligibility criteria and the conditions of the programmes, businesses may consult the official online platforms available at [Portugal 2030](#), [PRR Portal](#), and [Balcão dos Fundos](#).

#### **(2) Preparing information and documentation**

The applicant must prepare the documentation required under the specific programme notice in the exact manner specified in the notice of the programme.

All statements, projections and declarations must be true and accurate. The statements and documents included in the applications and the use of funds are subject to compliance audits.

The recipient's identification, the date of the decision, and the amount given of any subsidies awarded are published on the website of the General Inspectorate of Finance, a department of the Ministry of Finance (*Inspeção Geral das Finanças*, "IGF").

### **(3) Registration on application platform**

Most programme notices require online submission through a designated portal, [Balcão dos Fundos](#). Regional programme portals like [Lisboa 2030](#) or [Algarve 2030](#) provide direct information, guidance, and access to programme documents.

Submission of applications requires the creation of an account and login, which allows the applicant to:

- identify projects that may be of interest and the relevant eligibility criteria and required information; and
- submit the application;
- follow up the procedure until the award;
- after the award to submit information and documentation regarding the project status, including requests for disbursements.

The programme notice will set out a date and time for submission. Some incentives may establish a second round for submissions in case the first round does not exhaust the funds available for the programme.

Many platforms allow uploading PDFs with supporting documents and autofill some company data.

Submission of all required documents and information must be made with time, as technical issues preventing the upload of the application, system overload or missing information may prevent the submission or lead to the rejection of the application.

### **(4) Evaluation and award**

Once submitted, the funding agency will review the application; many programmes have a pre-defined evaluation period. The evaluation scores the projects based on the criteria stated in the programme notice, which may include:

- relevance of the project;
- impact;
- cost-effectiveness; and
- implementation capacity.

Project applications that meet the minimum score will be approved for funding. If approved, the applicant business will receive a formal decision and will enter into a funding agreement, which sets the terms for disbursement of funds and the reporting obligations of the beneficiary.

If not approved, the agency will notify the applicant of the rejection and will be allowed to appeal to the management of the awarding entity, although some programmes do not establish the manner in which such communication will be made. In some cases, the rejection decision may be overturned.

### 3.5. RISKS AND PITFALLS

While Portugal's incentive programmes offer significant opportunities, investors should be aware of potential challenges, including bureaucratic delays in application processing, fund disbursements and revocation of allocated funds. Past EU funded programmes, like Portugal 2020, had high rates of revoked subsidies due to mismanagement of allocation and failure to meet the projects' goals.<sup>8</sup>

Investors should be prepared to appeal against decisions on technical aspects of the application that are more subjective, such as the evaluation of the project merit or innovation potential. Many times, rejection decisions may be reversed at the administrative level in a timely fashion through formal administrative recourse.

Conversely, appeals to administrative courts may be long and cumbersome, often lasting 1-2 years or more. Typically, successful appeals would not provide a timely resolution that would allow resuming the project without significant financial strain.

In addition, Portuguese and EU fund audits are rigorous, involving both national bodies like the Agency for Development and Cohesion ("*Agência para o Desenvolvimento e Coesão*") and EU oversight mechanisms, like the European Court of Auditors and the European Anti-Fraud Office. Non-compliance, such as failure to meet milestones or reporting deadlines, may result in the revocation of the incentive and require the repayment of any sums advanced together with interest.

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<sup>8</sup> [Special report 07/2024: The Commission's systems for recovering irregular EU expenditure | European Court of Auditors.](#)

Political shifts, including post-2026 PRR expiration or changes in government priorities, may impact certain programmes and put at risk future projects, although they do not affect ongoing projects.

Early consultation with legal, tax and technical advisors to mitigate these risks is recommended.

# 4. TAX INCENTIVES

## 4.1. LEGAL FRAMEWORK

The main rules governing tax incentives are established in the Tax Benefits Statute (*Estatuto dos Benefícios Fiscais*, "EBF"), which regulates all forms of tax benefits and provides their legal basis, and the Investment Tax Code approved by Decree-Law 162/2014 of 31 October 2014 (*Código Fiscal do Investimento*, "CFI").

The main tax benefit schemes provided for in the Investment Tax Code include:

- **Research and development incentives**, including "Sistema de Incentivos Fiscais à Investigação e Desenvolvimento Empresarial" ("SIFIDE II"), which allows companies to deduct research and development expenses from their corporate income tax, and the "patent box regime" providing a tax exemption on the profits generated from research and development activities;
- **Investment support tax incentives** (*Regime Fiscal de Apoio ao Investimento*, "RFAI"), allowing companies to deduct a percentage of investments made in non-current assets (tangible and intangible) from their corporate income tax, subject to specific limits and conditions for eligible sectors (such as agriculture, industry, and tourism);
- **Incentive for business capitalisation** (*Incentivo à Capitalização das Empresas*, "ICE"), allowing the deduction for retained and reinvested profits; and
- **Contractual tax incentives for productive investments**, where investors may obtain tax credits and tax exemptions granted by national and local authorities.

## 4.2. RESEARCH AND DEVELOPMENT TAX INCENTIVES

### 4.2.1. SIFIDE II

SIFIDE II is a tax incentive programme for business research and development regulated by Articles 35 to 42 CFI.

Under SIFIDE II, corporate income tax taxpayers residing in Portugal who engage in agricultural, industrial, commercial, or service activities, or non-residents with a permanent establishment in Portugal, can deduct research and development expenses from their corporate income tax, provided these expenses are not co-funded by the State through non-refundable grants.

These deductions originally applied to taxation periods from 1 January 2014 to 31 December 2025 and are expected to be extended until 31 December 2026 under a government bill proposal submitted to Parliament, which is still awaiting approval and publication.<sup>9</sup>

The standard deduction rate is 32.5% of eligible R&D costs incurred during the tax year; for small and medium-sized enterprises that have been in operation for less than two years and have not yet benefited from the incremental rate, this base rate is increased to 47.5%.

In addition to the base rate, companies can benefit from an incremental deduction of 50% of the increase in R&D expenses compared to the average of the previous two tax years. This incremental benefit is capped at €1.5 million per year.

Overall, a company may recover up to 82.5% of its R&D investment through these combined rates. If the resulting tax credit exceeds the amount of tax due for the year, the unused portion can be carried forward and applied against tax liabilities for up to 12 subsequent years.

Only expenses that are directly related to R&D (the search for new scientific/technical knowledge or the substantial improvement of products/processes) are eligible; these include:

- **Personnel.** Salaries of staff directly involved in R&D. PhD holders are valued at 120% of their cost.
- **Operating Costs.** General overheads, calculated as a flat 55% of personnel costs.

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<sup>9</sup> The government submitted to parliament Bill 44/XVII/I seeking authorisation to extend SIFID II until 31 December 2026.

- **Tangible Assets.** Acquisition of new equipment used for R&D (excluding land and buildings).
- **Outsourcing.** R&D services contracted from public entities or ANI-recognised institutions.
- **IP Protection.** Costs for registration, purchase (SMEs only), and maintenance of patents.
- **Audit Costs.** Specific R&D audit costs (up to certain limits).

To be eligible to apply for SIFIDE II, a company must:

- be resident or have a permanent establishment in Portugal;
- calculate taxable profit using direct methods; companies opting for indirect and simplified methods are not eligible for SIFIDE II incentives; and
- have no debts to the State or Social Security.

To apply for the exemption, the taxpayer must submit an application to the National Agency for Innovation (*Agência Nacional de Inovação*, "ANI"), usually by the end of the fifth month following the year of the expenses.

It is important to note that eligibility under SIFIDE II is subject to subjective assessments by ANI, which may dispute the classification of expenses as R&D, leading to potential rejections or adjustments. For example, costs must demonstrate substantial innovation, and disputes can arise over the 120% valuation for PhD holders or the €1.5 million incremental cap. Extensions beyond the current 31 December 2026 deadline are under discussion. Investors are advised to monitor updates via official ANI channels and retain detailed records for audits, which can occur up to five years post-deduction.

#### 4.2.2. PATENT BOX REGIME

The "Patent Box" regime offers a partial exemption of income from certain industrial property rights that aims to stimulate research and development and the commercial exploitation of intellectual property under Article 50-A of the Corporate Income Tax Code (*Código do Imposto sobre o Rendimento das Pessoas Coletivas*, "CIRC").

The "patent box" regime provides an 85% deduction on net income derived from the assignment or temporary use (licensing) of eligible intellectual property assets. Effectively, 15% of the qualifying income is subject to corporate income tax.

To qualify, the income must arise from industrial property rights (patents and utility models) or copyright on computer programs.

Following a binding ruling of the Portuguese Tax Authority, to qualify patents and utility models must be registered with the Industrial Property National Institute (*Instituto Nacional da Propriedade Industrial*, "INPI") and software must be registered with General Inspectorate of Cultural Activities (*Inspecção-Geral das Atividades Culturais*, "IGAC"), a department of the Ministry of Culture, or with the Association of Software (*Associação Portuguesa de Software*, "ASSOFT"), a private association which groups stakeholders in the Portuguese digital industry.

Qualifying income includes:

- royalties obtained from the temporary use or licensing of the IP;
- gains obtained from the sale or assignment of IP rights; and
- compensation for the violation of eligible IP rights.

To benefit from this regime, the taxpayer (IP right owner transferring or licensing the IP) must maintain accounting records organised in a way that clearly distinguishes qualifying income from all other income, and enabling the identification of the research and development expenses directly attributable to the specific intellectual property right being licensed or assigned.

The deduction cannot exceed the amount resulting from the formula:

$$DQ / DT \times RT \times 85\%$$

Where:

- DQ = Qualifying expenses incurred for developing the protected asset (R&D done by the taxpayer or outsourced to unrelated entities)
- DT = Total expenses to develop the protected asset (including those incurred with related entities and acquisition costs, if applicable)
- RT = Total income derived from the IP.

Income obtained from the supply of goods or services to related entities and to entities resident in jurisdictions in blacklisted countries (including territories and regions with a clearly more favourable tax regime) is excluded.

### 4.3. INCENTIVE FOR BUSINESS CAPITALISATION

Companies may benefit from ICE under Article 43-D EBF, a "business capitalisation" incentive which allows the deduction from the taxable profit of the cost of capital invested in the company as equity and equity-like instruments qualified as "own capital" (*capital próprio*).

The business capitalisation incentive is essentially a "notional interest" deduction rewarding equity investments. The deduction is calculated based on a benchmark interest rate, Euribor 12-month, plus 2% spread, with an additional 20% bonus in 2026. This effectively transforms equity into a tax-deductible notional cost, reducing corporate income tax.

The benefit is a deduction from the taxable profit (*lucro tributável*). The amount is determined by applying a variable interest rate to the net eligible equity increase made by the company.

The deduction is not just based on the current year. It considers the sum of net equity increases from the current tax period and the previous six tax periods (a rolling 7-year benefit).

For the purposes of this incentive, "eligible capital increases" include:

- cash contributions made by shareholders;
- contributions in kind made through the conversion of credits into equity;
- share issuance premiums; and
- retained profits that are moved into reserves or kept as retained earnings.

To determine the "net increase", capital decreases, like dividend distributions from the company's reserves and capital reductions, made during the relevant period must be deducted.

The tax incentive is subject to specific ceilings. The maximum deductible amount is the highest of the following values:

- €4,000,000 per year.
- 30% of the company's "Tax EBITDA" (as defined in Article 67(13) CIRC).

If the calculated deduction exceeds the 30% EBITDA limit, the excess can be carried forward and used over the next five tax periods.

To benefit from this deduction, companies must meet the following criteria:

- be commercial, industrial, or agricultural companies with their head office or effective management in Portugal, excluding financial institutions;
- have a regularised status with the Tax Authority and Social Security; and
- have organised accounts and not be taxed under "simplified" or "indirect" methods.

#### 4.4. CONTRACTUAL TAX INCENTIVES

Investment projects related to specific activities may benefit from tax credits ranging from 10% to 25% of the eligible investment costs as tax incentives for up to ten years from the project completion under Investment Tax Code (Articles 2 *et seq.* CFI), provided the investment equals or exceeds €3 million. This support scheme is in force until 31 December 2027.

The exact percentage of tax credits (between 10% and 25%) is determined considering various factors, *i.e.*, region, job creation and strategic relevance to the national economy. The maximum aid (*i.e.*, the percentage of eligible costs that can be covered by the tax credit and other incentives) is subject to the limits set by the European Union's regional aid map and State aid regulations. These rules may affect the effective tax credit available for certain projects or regions.

In addition, recipients may also benefit from exemptions or reductions in municipal property transfer tax (*Imposto Municipal sobre Transmissões Onerosas de Imóveis*, "IMT"), municipal property tax (*Imposto Municipal sobre Imóveis*), and stamp duty (*Imposto de Selo*, "IMI") (Article 8 CFI).

Unlike other tax benefits (like RFAI), which are applied automatically upon meeting criteria, contractual incentives require a formal agreement between the investor and the Portuguese State represented by the Portuguese Foreign Investment Agency (*AICEP - Agência para o Investimento e Comércio Externo de Portugal*, "AICEP").

The activities benefitting from tax incentives include:

- extractive and manufacturing industries;

- tourism;
- information technology and related services;
- agriculture, aquaculture and forestry;
- audiovisual and multimedia production;
- shared services;
- defence, environment, energy and telecommunications; and
- research and development.

To qualify for these tax deductions, investors must meet the following conditions:

- have adequate technical and management capacity;
- demonstrate a sound financial situation;
- accounting records must be properly organised and suitable for the analyses required for the assessment and monitoring of the project;
- the taxable profit must not be determined by indirect methods;
- financial contribution, from their own resources or through external financing free of any public support, must represent at least 25% of the eligible costs;
- the beneficiary companies must not be considered in difficulty;
- have their tax and social security situation duly regularised; and
- not be subject to an EU injunction for the recovery of illegal State-aid.

For non-SME projects located in the Lisbon and Algarve regions, Article 4(4) CFI imposes additional restrictions. Only investments in new establishments or diversification into new activities (not similar to those already carried out) are eligible for contractual tax benefits.

The eligible investments for the tax credit, defined in Article 11 CFI, include various new tangible and intangible fixed assets (such as equipment, machinery, software and patent licenses), as well as employee wages, subject to specific limits and conditions. For non-SMEs, there are additional restrictions on the types of eligible investments and their location.

The tax benefits may include:

- tax credits;
- reduction or exemption from real estate (transfer and ownership) taxes applicable to the buildings used by the investor for the implementation of the project during the period set out in the investment contract; and
- exemption from stamp duty regarding all acts or contracts required to carry out the project.

Investors that meet the above-mentioned requirements can apply for contractual tax benefits granted to productive investments if their projects meet at least one of the following conditions:

- contribute to the strategic development of the national economy;
- significantly reduce regional disparities; and
- promote technological innovation, advance national scientific research, enhance environmental sustainability, or improve competitiveness and productivity.

To access these benefits, the investor must submit an electronic application to one of the State investment agencies, AICEP (for large enterprises) or IAPMEI (for SMEs) before the start of the investment project.

Approved projects are subject to ongoing monitoring and reporting obligations, and all supporting documentation must be retained for audit purposes. Investment incentives may be revoked under the following circumstances:

- if the project developer fails to meet contractually defined obligations;
- if the project developer does not comply with tax obligations; or
- if the project developer provides false information or presents manipulated data during project presentation, evaluation, or monitoring.

If the contract is terminated, the project will lose its tax benefits, and the developer will be required to repay the uncollected tax revenue plus interest.

#### 4.5. OTHER PROPERTY TAX EXEMPTIONS

In addition to the exemptions from property taxes set out in the Investment Tax Code, municipalities have the discretion to grant total or partial exemptions from real estate taxes for certain qualifying investments within their jurisdiction under the Municipal Finance Law approved by Law 73/2013 of 3 September 2013 (*Lei das Finanças Locais*).

Pursuant to the Municipal Finance Law, these local tax incentives must serve a relevant public interest and have a local or regional economic impact. The exemptions typically apply to urban rehabilitation initiatives located in areas officially recognised for urban renewal.

The process for awarding these exemptions involves the municipal assembly, which acts upon a proposal from the municipal council. The municipal assembly is responsible for adopting regulations that set out the criteria and conditions governing the granting of total or partial exemptions from municipal taxes and other local levies.

The measures are required to be general in scope and to observe the principle of equal treatment. Exemptions may be granted for a maximum period of five years, with the possibility of a single renewal for an additional five years.

The granting of these benefits is subject to a municipal resolution, which is often linked to objectives such as local economic development, job creation, or urban rehabilitation. Only eligible expenses are covered, and these typically exclude routine operational costs. Applicants must demonstrate that their projects are viable and comply with requirements similar to those set out in the Tax Benefits Statute and the Investment Tax Code.

#### 4.6. TAX INCENTIVES FOR WAGE INCREASES

Companies subject to corporate income tax may benefit from an additional 100% tax deduction on employment-related expenses associated with salary increases granted to employees under "permanent employment contracts", under Article 19-B EBF.

This incentive covers both the fixed salary increases and the related employer social security contributions.

The scope of the incentive is expressly limited to salary increases granted in the context of "updated or newly negotiated collective bargaining agreements".

To qualify, companies must demonstrate that their average annual base salary increased by at least 4.7% compared to the previous year, and that employees earning below the company's average wage received individual increases of no less than 4.7%.

The incentive is subject to a quantitative ceiling by limiting eligible expenses per employee to an amount corresponding to five times the national minimum wage, resulting in a maximum additional deduction of €4,350 per employee.

#### COMPARATIVE TABLE: BUSINESS TAX INCENTIVES (2026)

Incentive	Tax Benefit (Deduction/Rate)	Key Requirements
<b>Incentive for Business Capitalisation (ICE)</b>	Deduction from taxable profit based on <b>Euribor 12M + 2% spread</b> , with a <b>20% bonus</b> in 2026.	Net equity increase.
<b>SIFIDE II</b>	<b>32.5% to 82.5%</b> of R&D expenses deducted from tax due.	Direct R&D investment (Indirect/Fund route phased out in 2026).
<b>Productive Investment (RFAI)</b>	<b>25%</b> (up to €15M) or <b>10%</b> (>€15M) deduction from tax due.	Investment in tangible assets (machinery, etc.) that create or maintain jobs.
<b>Contractual Incentives</b>	<b>10% to 25%</b> tax credit + exemptions of real estate taxes for up to 10 years.	Minimum investment of <b>€3 million</b> with strategic impact.
<b>Wage Increase</b>	<b>100%</b> (additional deduction) of the cost of salary increases.	Company must increase wages by at least <b>4.7%</b> in 2026.

# 5. NON-FINANCIAL SUPPORT MECHANISMS

## 5.1. INVESTMENT PROJECTS TRACKING SYSTEM

Portugal has established an investment projects tracking system under Decree-Law 154/2013 of 5 November 2012, which serves to monitor projects through the various regulatory and administrative authorities responsible for issuing the permits and licenses required to launch such project.

The tracking system is not a fund allocation programme. The advantage of this system is to ensure a speedy approval of projects requiring multiple licenses and the coordination of the various authorities and regulators that may impact the project implementation.

Tracking of the necessary approvals is made by an Investors Support Committee (*Comissão Permanente de Apoio ao Investidor*) led by AICEP. To benefit from the tracking support mechanism, the project must meet the following requirements:

- have proven economic viability;
- be environmentally and territorially sustainable; and
- demonstrate a positive impact in at least three of the following areas:
  - generating gross local added value;
  - production of innovative, tradable goods and services that confer a competitive edge in the global market;
  - implementing innovative technological processes or those developed in partnership with accredited scientific and technological entities;

- aligning with a region's smart specialisation strategy and/or contribution to revitalizing low-density economic territories;
- enhancing external economic equilibrium, particularly through increased exports or reduced imports;
- promoting energy efficiency or using renewable energy; or
- spillover effects on upstream or downstream activities, especially benefiting small and medium-sized enterprises.

There is no minimum investment amount threshold or specified number of jobs to be created.

## 5.2. PIN AND PII PROJECTS

When a project is recognised as a PIN it will have priority in licensing procedures as well as benefiting from a special administrative procedure, which involves:

- simultaneous processing of the central government's administrative procedures;
- reduction and simultaneous completion of the internal procedures determined by the administrative authorities that are responsible for issuing the necessary licenses;
- a single consultation period for the relevant administrative and regulatory procedures;
- simplification of the procedures related to the zoning plan instruments relevant to the project;
- tacit positive reports and tacit deferral under the various applicable procedures; and
- simplification of procedures to obtain construction permits.

For each PIN Project, a dedicated project manager is appointed to oversee, coordinate, and streamline all administrative procedures required for its implementation.

This manager acts as the primary point of contact between the project promoter and the public administration, ensuring interaction among the various authorities involved and facilitating the project's progression in accordance with the applicable legal frameworks.

To be recognised as PIN, a project must satisfy the following cumulative requirements:

- represent a global investment equal to or greater than 25 million euros;
- create at least 50 direct jobs;
- be presented by investors of recognised suitability and credibility;
- have proven economic viability; and
- are susceptible to adequate environmental and territorial sustainability.

Projects that do not meet the thresholds for investment and/or job creation may still be recognised as PIN exceptionally provided they meet the remaining statutory conditions and fulfil at least two of the following additional criteria:

- their internal research and development ("R&D") activity worth at least 10% of the company's turnover;
- there is a strong component of applied innovation, translated into a significant part of its activity anchored in patents developed by the company;
- the project is deemed to have a manifest environmental interest;
- there is a strong export vocation, translated by a minimum of 50% of its turnover directed to the international market; or
- there is relevant production of tradable goods and services.

The Portuguese Government provides a similar support scheme for investments in inland areas of the country named "PII", the acronym for "Projetos de Investimento para o Interior", which benefit from a similar system of administrative monitoring, coordination and procedural facilitation, but are subject to less demanding eligibility requirements.

PII projects are geographically restricted. In general, a project may qualify as a PII if it is located in an eligible inland region (you may verify eligible regions [here](#)) and meets lower investment and employment thresholds than those required for PIN status, involving:

- a minimum overall investment of 10 million euros; and
- the creation of at least 25 direct jobs, provided that the project demonstrates economic viability and a positive impact on the local or regional economy or at least in three of the following areas:

- use of endogenous resources of the region in which they are located;
- enhancement of the region's natural or cultural heritage;
- insertion into the region's specialisation strategy;
- production of tradable goods and services, of an innovative nature, which provides for a competitive advantage in the global market;
- introduction of innovative technological processes or those developed in collaboration with entities from the regional scientific and technological system; or
- knock-on effects on upstream or downstream activities, particularly in small and micro-enterprises in the region in which they operate.

Like PIN projects, PII projects benefit from coordinated administrative follow up, priority handling by public authorities and procedural streamlining, including the appointment of a project manager acting as the liaison between the investor and the public administration.



# I. THE BUSINESS ENVIRONMENT

There are no restrictions to the establishment of businesses in Portugal. Only a limited number of business activities are regulated and require the approval of regulatory authorities, such as banking, telecommunications, energy generation and distribution, pharmaceuticals, etc.

In general, there are no restrictions on foreign ownership of businesses and no nationality requirements regarding the ownership of Portuguese companies, save those established by European law and those related to assets considered of strategic importance (defence and essential telecommunications, energy and transport services).

Foreign nationals may take positions in Portuguese corporations. There is no statutory quota of Portuguese nationals in the boards of companies established in Portugal or conducting business in Portugal.

The incorporation process takes one day if the investor chooses to incorporate an "on-the-spot" company.

Portugal is a pioneer in the use of online platforms for the incorporation of companies and making available company records and accounts. The process of business creation is now totally integrated and dematerialized and allows the incorporation of new companies, the registration of trademarks and business names online.

The Portuguese process of business creation allows for full online service provision with focus on the requirements and demands of investors.

# 2. CHOICE OF THE INVESTMENT VEHICLE

## 2.1. INVESTMENT VEHICLES

Investors who wish to do business in Portugal may do so through corporate or contractual structures, depending on the nature, scope and objectives of their investment.

The most common forms of organisation are companies and branches. These are typically used when the investor intends to develop a stable and ongoing presence in Portugal, either directly or through a local establishment. The choice between incorporating a company or a branch will depend on various factors, including legal autonomy, regulatory requirements, tax considerations, and the level of operational independence sought.

In addition to these forms, investors may also engage in cooperation agreements with other companies, through:

- Joint venture or consortium agreements;
- Complementary Grouping of Companies (*Agrupamento Complementar de Empresas*, "ACE"); and
- European Economic Interest Groupings ("EEIG").

These structures are well suited for projects that involve the coordination of technical resources, specialised expertise or local market knowledge between multiple parties, without requiring the creation of a fully autonomous corporate entity.

## 2.2. BRANCHES

In general, the main operational difference between a branch and a subsidiary lies in the fact that a subsidiary functions as a different legal entity, while a branch serves as an extension of the foreign company in Portugal.

A branch is not a separate legal entity as it does not have legal personality. The branch carries out the same business activity as the parent company, which remains fully liable for all debts and obligations incurred by the branch.

The main differences between opening a branch office and incorporating a company are the following:

- a branch has no equity, although the head-office may allocate an amount of designated capital to the branch for operational purposes. Limited liability companies must have a minimum share capital; and
- the branch's appointed legal representative shall manage its business, no corporate bodies being required, while a company is required to have a management body and an auditor or auditing board.

Setting up a branch in Portugal is generally simpler and more cost-effective than incorporating a separate legal entity, as it avoids some of the formalities and capital requirements associated with company formation, although the parent company may choose to allocate capital to the branch for operational needs.

Another key advantage of a branch structure is the free flow of capital between the branch and the parent company. Since the branch is not legally independent, any transfers of funds are considered intra-company transactions rather than profit distributions, allowing for simpler internal financial flows.

Additionally, a branch allows the parent company to maintain closer control over local operations. As an integral part of the corporate structure, the branch is more easily aligned with the group's overall strategic direction, ensuring consistency and streamlined decision-making across jurisdictions.

### 2.3. REGISTRATION OF A BRANCH

To open a branch and appoint its legal representative before the Commercial Registry Office, the following documents are required:

- good-standing certificate of the parent company confirming its legal existence;
- parent company's resolution approving the incorporation of the branch and the appointment of the legal representative;
- details of the branch's appointed legal representative;
- copy of the parent company's articles of association; and
- statement indicating the branch's ultimate beneficial owner.

If the documents are written in a foreign language, a Portuguese translation must be provided. The parent company's resolution, its articles of association and the good-standing certificate must bear the Hague Apostille.

The legal representative must have a Portuguese tax number, which must be obtained in advance.

This process may be completed either in person at the Commercial Registry Office, by submitting [Form 2 of the National Registry of Legal Entities](#), or online via the [Sucursal Online](#) platform.

# 3. COMMERCIAL COMPANIES

## 3.1. TYPES OF COMPANIES

Portuguese companies must adopt one of the following legal forms:

- joint stock companies (*sociedade anónima*, "S.A.");
- quota companies (*sociedade por quotas*, abbreviated "Lda.");
- general partnerships (*sociedade em nome coletivo*); and
- limited partnerships (*sociedade em comandita*).

Most national and foreign investors choose as their investment vehicle a limited liability company because it best suits the purpose of limiting the parent company's liability. The equivalent form to the Portuguese limited partnerships, where the liability of only one of the shareholders is limited, is also seen in Germany, France and Italy. Limited partnerships are rarely used in Portugal.

The main difference between limited liability companies (quota companies and joint stock companies) and unlimited liability companies (general partnerships and limited partnerships) is related to the shareholders' liability for the companies' debts. Other major differences concern the transfer of shares and the companies' management and supervision structure.

## 3.2. DIFFERENCES BETWEEN QUOTA COMPANIES AND JOINT STOCK COMPANIES

The most commonly used types of limited liability companies in Portugal are quota companies and joint stock companies.

When deciding what legal form the subsidiary should assume, the foreign investor will take into consideration the differences between quota companies and joint stock

companies that may influence their business operations in Portugal. From a day-to-day point of view, both can be managed in broadly similar ways, although the quota company can in some cases be less formally managed. For instance, it requires only one Managing Director and not a Board of Directors as joint stock companies generally do. On the other hand, the shareholders of quota companies retain the power to intervene and decide on management issues, while in joint stock companies it is up to the Board of Directors to decide on any matter concerning the management of the company.

There is also a difference regarding the minimum number of shareholders. As a general rule, a joint stock company must have at least five shareholders, while a quota company only requires two. However, under certain conditions the law allows both types of companies to have a sole shareholder. Still, in this case, the liability of the sole shareholder is not fully limited, as such shareholder will be personally and unlimitedly liable in case of insolvency if the company's assets are not kept separately from the shareholder's personal assets.

Regarding income tax, both companies' gross revenues will be subject to corporate tax (*Imposto sobre o Rendimento das Pessoas Colectivas* – "IRC"), currently set at the rate of 20%.

Quota companies have a simpler governance structure and are more suited for smaller or short-term investments. In contrast, joint stock companies are more commonly used for larger or long-term investments.

The capital of joint stock companies is divided into shares (*ações*) with a minimum value of €0.01. In contrast, the capital of quota companies is, as a rule, divided into as many shares (*quotas*) as the number of shareholders, representing the part each of them owns in the company. There is no minimum mandatory share capital in quota companies, but the value of each share must be equal to or higher than one euro. In joint stock companies, the minimum share capital is €50,000.

Unlike the shares of quota companies, whose ownership and transfer are registered with the Commercial Registry Office, the shares of joint stock companies are designed to ensure that they can be transferable privately or on stock exchanges. Ownership and transfer of shares are not filed with the Commercial Registry Office.

In both types of companies, the transferability of shares can be restricted. However, in joint stock companies, imposing such limitations is more difficult, as any restrictions must be stated in the articles of association.

### 3.3. ORGANISATION OF QUOTA COMPANIES

Quota companies are, as a rule, managed by Managing Directors.

In addition to their authority over the company's governance, including the appointment and dismissal of Managing Directors and the approval of financial statements and profit distribution, the shareholders are entitled to directly adopt resolutions concerning management issues, such as:

- the disposal or acquisition of stakes in other companies; and
- the disposal or encumbrance of real estate.

Quota companies are not required to have a supervisory body – internal auditor – unless two of the following thresholds are exceeded in two consecutive years:

- the balance sheet exceeds €1.5 million;
- the turnover exceeds €3 million; and/or
- the average number of employees during the year exceeds 50 employees.

### 3.4. ORGANISATION OF JOINT STOCK COMPANIES

In general, joint stock companies must adopt one of the following models:

- Board of Directors (*Conselho de Administração*) and Supervisory Board (*Conselho Fiscal*) or Statutory Auditor (*Fiscal Único*). The appointment of a supervisory board is mandatory for listed companies and other companies that exceed two of the following thresholds:
  - i. The company's balance sheet exceeds €20 million;
  - ii. The turnover exceeds €40 million; or
  - iii. The average number of employees during the year exceeds 250 employees.
- Board of Directors (*Conselho de Administração*), Audit Committee (*Comissão de Auditoria*) and external auditor.
- Executive Board (*Conselho de Administração Executivo*), General and Supervisory Board (*Conselho Geral e de Supervisão*) and external auditor.

A Single Director may be appointed when the company's share capital is less than €200,000.

A Board of Directors, with an odd or even number of members, is required if the company's share capital is equal to or exceeds €200,000.

The Board of Directors is responsible for managing the company's business and can decide any management matter concerning the company without the approval of the shareholders, such as:

- acquisition, sale and encumbrance of real estate;
- providing collateral or guarantees by the company;
- prepare and submit the management report and financial statements;
- establish or cease partnerships or other forms of cooperation with other companies;
- opening or closing important businesses or relevant fractions of the company; and
- major changes in the organisation of the company, including the acquisition of other companies, the reduction of its activity and the preparation of mergers.

The articles of association may allow the appointment of Directors entrusted with the management of specific areas of the business, such as finance, operations, etc.

It is the responsibility of the general meeting of shareholders to resolve on matters assigned to it by law or the articles of association that are not included in the competence of other corporate bodies. As a general rule, the shareholders' meeting resolves on the following matters:

- changes to the articles of association;
- increase and reduction of share capital;
- approval of the company's annual accounts;
- general assessment of the management's performance;
- appointment and remuneration of the members of the corporate bodies;
- removal of directors, members of the supervisory board or the audit committee, and
- mergers, spin-offs or changes of the business form of the company.

The general meeting cannot resolve on management matters except when requested by the Board of Directors.

## 3.5. INCORPORATING A COMPANY

### 3.5.1. «ON-THE-SPOT COMPANIES»

The so-called «on-the-spot» process is a simplified procedure for setting up a company.

The founders only need to go to an authorised office to incorporate the company, present the documents that prove their identity, capacity and powers to execute the deed, and choose one of the pre-approved names and one of the pre-approved forms of articles of association.

In the same process, the founders may appoint an accountant or choose one from the list of accountants available.

At incorporation, the founders receive:

- a certificate of the articles of association;
- the access code to the permanent certificate of commercial registry;
- the access code to the electronic card of the company; and
- the company's social security number.

The procedure is started and completed on the same day and has a cost of €360.

The company's equity capital must be deposited within five business days after incorporation or until the end of the first financial year.

The company founders have 15 days to register the company with Tax authorities, 10 days as of the registry with tax authorities to register the company with Social Security authorities and 30 days to file the first ultimate beneficial owner statement.

### 3.5.2. ONLINE INCORPORATION

Companies can be incorporated online by filling out an online form and submitting the documents through <https://registo.justica.gov.pt/empresa>.

The founders may file the application online, choose a pre-approved name, or a tailored corporate name provided it has been previously approved by the National Registry of Companies, and one of the approved forms of articles of association, or a tailored form of such articles.

It is not necessary to provide evidence of the deposit of the share capital at the time of incorporation. The shareholders are required to declare that they will deposit the funds within five days following the filing or until the end of the first financial year.

The online filing must be completed within 24 hours after the submission of the application. The registration of the company may take up to 10 business days.

The cost of online incorporation is €220 if the articles of association have one of the pre-approved forms and €360 when founders propose their own articles of association.

### **3.5.3. TRADITIONAL METHOD OF INCORPORATION**

The steps required to incorporate a company using the traditional method are:

- requesting the company's name approval with the National Registry of Companies (at [IRN](#) or in person);
- executing the articles of association through a public or private deed;
- for joint stock companies, depositing the minimum initial share capital in a bank;
- registering in the Commercial Registry Office;
- registering the company with the tax authorities and social security;
- filing of the first ultimate beneficial owner statement at <https://rcbe.justica.gov.pt/>.

## **3.6. ACQUIRING SHARES IN A PORTUGUESE COMPANY**

Foreign investment in Portugal may take the form of acquiring shares in an existing Portuguese company, rather than incorporating a new one. While this type of transaction is common and straightforward, it may entail certain formal requirements for the foreign investor, whether an individual or a legal entity.

Any non-resident person acquiring shares in a Portuguese company must obtain a Portuguese tax identification number:

- NIF (*Número de Identificação Fiscal*) in the case of individuals; and
- NIEEE (*Número de Identificação de Entidade Equiparada Estrangeira*) in the case of legal entities.

Depending on the country of residence, the appointment of a Portuguese tax representative may also be required. This applies mainly to investors residing outside the European Union, the European Economic Area, or jurisdictions with which Portugal has a tax cooperation agreement in place. The tax representative acts as a point of contact with the Portuguese Tax Authority and ensures that any necessary tax obligations are duly fulfilled.

These requirements are not unique to Portugal, but across most of the European Union member states to facilitate the communication between their respective tax authorities and detect and prevent money laundering activities.

# 4. FINANCIAL INFORMATION

## 4.1. ANNUAL ACCOUNTS

Three months after the end of its fiscal year (which may or not coincide with the calendar year), the company's general assembly of shareholders must approve its annual accounts and file them by the fifteenth day of the seventh month after the end of its fiscal year (15 July if the company's fiscal year coincides with the calendar year). The filing is completed electronically at [Portal das Finanças](#).

## 4.2. THE SIMPLIFIED INFORMATION SYSTEM

The simplified corporate information system (*Informação Empresarial Simplificada*, "IES") allows companies to comply with the following reporting obligations by filing a single document with the tax authorities, which serves to:

- file annual accounts;
- provide statistical information to the Portuguese National Statistics Institute (*Instituto Nacional de Estatística*, "INE");
- submit annual accounting data for statistical purposes to the banking authority (*Banco de Portugal*, "BdP"); and
- submit statistical information to the Directorate-General for Economic Activities (*Direção-Geral das Atividades Económicas*, "DGAE").

The IES is submitted electronically at [Portal das Finanças](#) annually no later than the 15<sup>th</sup> day of the 7<sup>th</sup> month after the end of the relevant financial period, which for most companies will take place on 15 July of each year.

# 5. OTHER FORMS OF BUSINESS ORGANISATION

## 5.1. UNINCORPORATED JOINT VENTURES

In Portugal, unincorporated joint ventures, also named "consortia" or collaboration agreements, are set up through a contract where two or more parties agree to jointly pursue a given activity.

Portuguese consortium agreements are governed by [Decree-law 231/81 of 28 July 1981](#) ("Consortium Law"), which details the legal framework for their formation, internal organisation, scope of joint activities, and the rights and obligations of its members.

In case the consortium members transfer real estate between them, the contract must be executed by public deed to be valid. In any case, the consortium contract is not subject to registration.

The unincorporated joint venture is used when the parties wish to undertake a limited and temporary project. The unincorporated joint venture has no legal personality and cannot have common funds.

Unincorporated joint ventures can be adapted to a wide range of commercial objectives, including the joint development of products or services, the sharing of infrastructure or technology, or the implementation of specific investment projects within a defined timeframe. Depending on the structure adopted, participants retain their separate legal identity and financial independence, while benefiting from the operational synergies and collective organisation made possible by a formal cooperation framework.

Unlike other cooperation agreements where a new entity is formed, generally, the consortium members act separately, acting jointly only when necessary to pursue a specific objective or develop an activity.

Under Portuguese Consortium Law, consortia may be classified as:

- "Internal", where members do not jointly engage with third parties. In this case, one member independently deals with third parties and provides services or goods on behalf of the consortium, either on its own or by subcontracting specific tasks to other consortium members, without expressly mentioning the consortium.
- "External", where the consortium members collectively present themselves as acting jointly in dealings with third parties.

In internal consortia, the members benefit from broad freedom in determining their obligations; in external consortia, the parties must designate a steering body, a supervisory board and a consortium leader.

The consortium leader holds both internal powers, such as coordinating and executing cooperation among all parties, and external powers, including representing the joint venture before third parties, in addition to any other contractually assigned responsibilities.

The parties may also agree to create any other bodies they consider useful to achieve the purpose of the contract, such as technical commissions typically assigned to handle more complex technical matters.

## 5.2. COMPLEMENTARY GROUPING OF COMPANIES

The complementary grouping of companies (*Agrupamento Complementar de Empresas*, "ACE") is a form of association of two or more companies, endowed with legal personality, with the purpose of improving the conditions for jointly developing a specific activity or extract benefits from the activities developed separately by each of its members.

An ACE is established through a written agreement. A public deed is only required when the members contribute with real estate assets to the ACE.

With the registration of the ACE in the commercial registry, the ACE acquires legal personality.

The ACE may own cash or other assets acquired using the members' contributions. Each member bears personal and joint liability for the ACE's debts, thereby sharing responsibility for any financial obligations incurred by the ACE.

The ACE comprises three bodies: a general assembly of members, a board responsible for management and representation of the ACE, and a supervisory body.

### 5.3. EUROPEAN ECONOMIC INTEREST GROUP

The European Economic Interest Group ("EEIG") is the European equivalent of the Portuguese ACE. EEIGs are created by a contract where the parties that carry out activities in the European Union form an international legal entity with the purpose of improving the conditions for the exercise or the results of the activities that the founders develop separately.

The EEIG is formed through a contract and acquires legal personality upon registration in the commercial registry.

The main difference between the EEIG and the ACE is that EEIGs must be formed by companies headquartered (or individual persons whose main activity is located) in at least two European Union countries.

The members of the EEIG have unlimited and joint liability for the debts incurred by the EEIG.

EEIGs have a simple organisational structure, consisting of only two mandatory bodies: the assembly of members and a management board or a single manager. The assembly brings together all members and may take decisions collectively, including the appointment of one or more managers to represent the EEIG and carry out its day-to-day activities, in accordance with the powers granted by the members.

# 6. ACTIONS AND FORMALITIES AFTER INCORPORATION

## 6.1. OBLIGATION TO REGISTER BENEFICIAL OWNERS

Commercial companies incorporated in Portugal must file an initial declaration with the Central Register of Beneficial Ownership (*Registo Central do Beneficiário Efetivo*, "RCBE"). This declaration is required within 30 days from the date of the company's registration via an online platform provided by the Portuguese Ministry of Justice.

The declaration must contain accurate and up-to-date information about the individuals who ultimately own or control the company, whether directly or indirectly.

This obligation applies even if the beneficial owners are the same as the registered shareholders or managers.

The information submitted must be confirmed on an annual basis. Non-compliance with RCBE requirements may lead to legal restrictions on the company's operations.

## 6.2. OBLIGATION TO REGISTER WITH SOCIAL SECURITY AUTHORITIES

Commercial companies incorporated in Portugal must register with Social Security authorities within 10 business days from register with the tax authorities.

Registration with Social Security is mandatory, even if the company does not hire staff immediately, as it ensures compliance with social security obligations and establishes the framework for future employment relationships.

The process is completed via the Social Security's online platform. Failure to register may lead to fines and restrictions on the company's ability to regularise employment situations in the future.

### 6.3. OBLIGATION TO REGISTER WITH TAX AUTHORITIES

After their incorporation, Portuguese commercial companies must register with Portuguese Tax Authority (*Autoridade Tributária e Aduaneira*).

This register must be submitted before the start of any business activity and, in any case, within 15 days from the date of incorporation or registration at the Commercial Registry Office. The register must identify the company's accounting regime, main activity, and other relevant tax details.

Submission is made electronically at the Tax Authority's online platform by an accountant. Non-compliance may lead to penalties and restrictions on the issuance of invoices or tax documents.

### 6.4. OPENING A BANK ACCOUNT

As part of the incorporation of a Portuguese company, the company should have a bank account where the shareholders deposit the company's share capital that will enable it to carry on its business in Portugal.

To open a bank account, Portuguese banks generally request the following documents related to the company and its shareholders:

- identification documents of shareholders and directors;
- the company's corporate documents, including its incorporation deed, articles of association, and commercial registration certificate; and
- details regarding the company's beneficial owners and, if not previously provided, the identification of its shareholders or members of the corporate bodies.



# I. OVERVIEW OF THE PORTUGUESE TAX SYSTEM

The main taxes in Portugal are the personal and corporate income taxes and the value-added tax ("VAT"), which is levied on transactions in goods and services. There are also real estate transfer taxes and property ownership taxes, customs duties and some excise duties, such as the car tax and the tobacco tax.

The largest source of state revenue comes from VAT, income taxes and social security contributions.

Tax rates in Portugal are, to a great extent, in line with the rates of most EU countries seeks to attract foreign investors by offering some tax incentives, such as the Non-Habitual Resident Tax Regime and the free remittance of funds, which demonstrate Portugal's commitment to attracting international talent, along with other incentives.

In 2026, the corporate income tax rate is 19%. A municipal surcharge of up to 1.5% and a State surcharge ranging from 3% to 9% also apply to companies with a taxable income of more than €1.5 million.

Personal income tax rates range from 13% to 48%, plus an additional solidarity rate of 2.5% and 5% on income above €80,000 and €250,000 respectively. In addition, employers and employees are required to make social security contributions at a rate of 34.75% of the employee's income, with 23.75% borne by the employer and 11% deducted from the employee's salary.

VAT rates range from 6% to 23% in the Portuguese mainland, 4% to 22% in the region of Madeira and 4% to 16% in the region of the Azores.

Income obtained abroad by Portuguese residents and in Portugal by non-residents might be taxed in Portugal.

To avoid double taxation, Portugal has double taxation agreements with more than 85 countries, such as the United States of America, China, Canada, India, Brazil, Japan, and the United Kingdom, as well as all the European Union member-states.

Additionally, Portugal has signed more than 50 bilateral agreements for the promotion and reciprocal protection of investments, alongside over 15 tax information exchange agreements.

The tax system in Portugal is monitored by the Tax and Customs Authority (*Autoridade Tributária e Aduaneira*), which is responsible for the management of taxes according to the rates defined by the tax legislation approved by the Parliament.

General tax rules are applied nationwide, but the autonomous regions of the Azores and Madeira enjoy fiscal autonomy, which is why the rates of some taxes are lower in these regions than the rates applicable in mainland Portugal. Municipalities can obtain their own revenues through municipal taxes regarding the provision of certain municipal services or for the use of municipal assets.

## 2. REGISTRATION AS A PORTUGUESE TAXPAYER

To register as taxpayer in Portugal it is necessary to fill in a registration form (*ficha de inscrição*) in local tax office. The tax registration should be done before any activity is carried out in Portugal. The annual income tax return must be completed and delivered to the Portuguese Tax Authority.

The Portuguese tax system is managed by the Portuguese Tax Authority (*Direcção-Geral dos Impostos*). The tax year follows the calendar year, ending on 31 December.

Self-employed workers must declare the beginning of their activity to the Portuguese Tax Authority.

The annual personal income tax return (*Modelo 3*) must be filed between 1 April and 30 June of the following year, exclusively via the official online portal.

If a person does not comply with their tax obligations to complete the annual income tax return will be subject to a penalty, which amount ranges from €150 to €3.750.

# 3. TAXATION OF CORPORATIONS

## 3.1. CORPORATE INCOME TAX

Commercial companies with headquarters or effective management in Portugal and companies with a permanent establishment in Portugal are subject to corporate income tax.

In Portugal, an establishment is considered "permanent" when a foreign company carries out its activity in Portugal through a branch, office or other establishment, as well as if a person acts on behalf of the company in Portugal and has broker powers and powers to enter into transactions in the name of the company. Since 2021, if the company provides services by using employees or other persons hired in Portugal for this purpose for at least 183 days in a 12-month period, such company will also be deemed to have a permanent establishment.

In 2026, the general corporate income tax rate in the mainland is 19%, which is levied on the company's taxable income. If it is a permanent establishment of a foreign company, only the taxable profit attributable to the activity in Portugal will be taxed. This rate will be reduced to 18% in 2027 and 17% in 2028.

In Madeira and the Azores, the corporate income tax rate is 13,3% and should also be reduced in the next years.

In the case of a small or medium-sized enterprise, the rate to be applied to the first €50,000 of the taxable income is 15% in the mainland and 10.5% in Madeira and Azores.

In general, business costs and expenses are tax deductible if they are properly documented and are essential to obtain taxable income or to maintain the source of production. However, there are limitations on the deduction of certain costs, such as interest expenses.

Corporate income tax is self-assessed and paid by companies when filing their annual income tax returns, which must be submitted by June 30 of each year if the tax year is the calendar year.

Presently, Portugal's corporate tax rate (19%) is lower than the EU average (19.19%) and the global average (23.85%), although subject to the municipal and State surcharges.

### 3.2. MUNICIPAL SURCHARGE

Corporate income tax is added to the municipal surcharge levied on the taxable amount that is not exempt from corporate income tax at the specific rate approved by each municipality (maximum limit of 1.5%). A reduced rate of surcharge may be applied to companies with a turnover of less than €150,000 in the previous year.

Most municipalities apply the maximum rate of 1.5%, such as Lisbon, Loures, Oeiras, Setúbal, Porto, Braga and Guimarães.

### 3.3. STATE SURCHARGE

The taxable profit over €1.5 million is subject to the State surtax, which is calculated according to the following rates:

- From €1.5 million to €7.5 million: 3%.
- From €7.5 million to €35 million: 5%.
- Over €35 million: 9%.

### 3.4. AUTONOMOUS TAXATION

Companies might also be subject to autonomous taxation of certain expenses, in particular:

- undocumented expenses: 50% (increased to 70% when incurred by a person who is totally or partially exempt, or whose primary activity does not involve commercial, industrial, or agricultural operations);

- costs of gasoline or diesel vehicles: 8% if the acquisition cost is below €37,500; 25% if the acquisition cost is between €37,500 and €45,000; and 32% if the acquisition cost is equal to or exceeds €45,000;
- cost of hybrid vehicles: 2.5% if the acquisition cost is below €37,500; 7.5% if the acquisition cost is between €37,500 and €45,000; and 15% if the acquisition cost is equal to or exceeds €45,000;
- costs related to full electric vehicles: 10% applicable to vehicles with a price that exceeds €62.500;
- representation expenses: 10%; and
- daily allowances and car mileage reimbursements to employees for the use of their personal vehicles, which are not charged back to clients: 5%.

### 3.5. FOREIGN COMPANIES' TAXATION

Non-resident companies that do not have a permanent establishment in Portugal may also be subject to corporate income tax if their income is obtained in Portugal and can be taxed in Portugal under the applicable double taxation agreements (e.g., dividends, capital gains, interest and royalties).

In general, income (excluding capital gains) deemed to be obtained in Portugal will be subject to a withholding tax at a rate of 25%, although that rate might be reduced to 15%, 10% or 5% under double taxation agreements.

The payment of dividends to companies established in another Member-State of the European Union that hold shares representing at least 10% of the share capital of the company established in Portugal during an uninterrupted minimum period of one year is exempt, provided that the company is an eligible company under the Parent Companies Directive. Interest and royalties may also be exempt from withholding tax if the payment is made to an affiliated company in another Member State of the European Union, provided that the relevant holding requirements are fulfilled.

Capital gains obtained by non-resident companies without a permanent establishment in Portugal resulting from the sale of real estate located in Portuguese territory are subject to corporate income tax. Capital gains arising from the sale of shares and other

securities issued by companies resident in Portugal might be corporate income tax exempt unless:

- the seller has its headquarters in a jurisdiction subject to a more favourable tax regime;
- more than 25% of the company is, directly or indirectly, owned by resident companies or persons, unless the shareholder is resident in an EU Member State, an EEA country, or a country that is a party in a double taxation agreement with Portugal and the stake fulfils some of the participation exemption requirements (e.g., a minimum 10% stake and a minimum holding period of one year); or
- more than 50% of the target company's assets are real estate properties located in the Portuguese territory or, if the target is a holding company, more than 50% of any controlled company's assets include real estate property located in Portugal.

# 4. TAXATION OF INDIVIDUALS

## 4.1. PERSONAL INCOME TAX

Personal income tax is levied on the annual value of the income of the following categories after the corresponding deductions have been made:

- Category A: dependent work income.
- Category B: business and professional income.
- Category E: capital income.
- Category F: property income.
- Category G: assets increase.
- Category H: pensions.

In general, income is subject to progressive rates, ranging between 13% and 48% in mainland Portugal, between 9.1% and 46.56% in the region of Madeira and between 9.1% and 33.6% in the region of the Azores.

To taxable income over €80,000, the following additional solidarity charges are applied:

- From €80,000 to €250,000: 2.5%.
- Over €250,000: 5%.

Work income is subject to withholding taxes, which are different according to the income and employee's family situation. Some benefits may be exempt from income tax up to certain limits (e.g., meal allowances, subsidies).

In general, the determination of business and professional income is based on the taxpayer's accounts. When the amount of income does not exceed €200,000, taxpayers may apply for the simplified tax scheme under which taxable income is determined by the application of coefficients.

Capital gains derived from the transfer of real estate or shares, or other investments, are also considered as income and taxed as personal income tax.

Health expenses, education and training expenses, household expenses and real estate expenses can be deducted, up to certain thresholds, from the taxpayer's taxable income.

Certain incomes are subject to a flat rate of 28%, such as:

- capital income (e.g., dividends, interest, royalties);
- positive balance of capital gains and losses resulting from the sale of shares;
- positive balance of capital gains and losses resulting from the sale of real estate; and
- property income (e.g., rents).

Withholding tax might be applied to capital and property income. In any case, taxpayers may opt for the inclusion of such income.

Gains obtained from the transfer of real estate are not taxed when the permanent residence is sold, and the product of the sale is reinvested (after deducting the repayment amount of any loan for acquisition) in the acquisition of another permanent residence in Portugal or in any other EU Member-State between the 24 months before the sale and the 36 months following the sale.

Unlike residents who are taxed on their overall income obtained in Portugal and abroad, non-residents are taxed only on their income obtained in Portugal when such taxation is allowed under applicable double taxation treaties.

## 4.2. NON-HABITUAL RESIDENTS TAX BENEFITS

Portugal offers non-residents a more favourable tax regime over certain Portuguese and foreign source income without the need to make any investments a special tax regime for non-habitual residents (*Residentes Não Habituais*, "NHR") approved in 2009 and significantly changed in 2024.

Under the 2024 NHR rules, income derived from employment or self-employment in Portugal, within a now more restricted list of "high value-added" activities, is taxed at a flat rate of 20%, compared to the standard progressive rates, which can reach up to 48%.

To qualify for the NHR regime as of 2024, the applicants must:

- work in a profession included in a narrow list of "high value-added" activities, which prioritizes roles critical to economic development (e.g., certain scientific, technological, or academic positions). Applicants must provide documentation proving their professional qualifications and activities align with these categories;
- establish tax residency in Portugal, either residing in Portugal for at least 183 days per year, or maintaining a primary residence in Portugal, defined as a habitual place of residence with the intention of permanent or long-term stay, as recognised under Portuguese tax law; and
- not have been a tax resident in Portugal during the preceding five years before the application.

The NHR status grants tax benefits for a period of 10 consecutive years, provided the individual maintains tax residency in Portugal throughout this period. Failure to meet residency requirements in any given year may result in the suspension or loss of benefits for that year.

Existing NHR beneficiaries under the 2009 NHR rules who registered before 1 January 2024 will continue to benefit from the reduced income tax rate until the end of the 10-year period initially granted.

### 4.3. SOCIAL SECURITY CONTRIBUTIONS

Income from employees, self-employed workers and members of corporate bodies are also subject to social security contributions, with the following rates being applied:

- **Employees:** 11% paid by the employee and 23.75% paid by the company;
- **Self-employed workers:** 21.4% paid by the worker and 10% paid by the client when the economic dependence exceeds 80%, and 7% when the economic dependence is lower than 80% but exceeds 50%; and
- **Members of corporate bodies:** 11% paid by directors and managers, 9.3% in the remaining situations and 20.3% or 23.75% paid by the company, respectively.

Some benefits are excluded from contributions, such as:

- allowances up to the limits established for personal income tax purposes;
- the compensation for termination of the employment contract in case of collective dismissal; and
- possible subsidies for medical care and medicine for employees and their families.

Portugal has entered into several social security conventions, establishing exemptions for workers who are temporarily working in Portugal, such as from the United States of America and Canada.

# 5. TAXATION ON TRANSACTIONS OF GOODS AND SERVICES

## 5.1. VALUE-ADDED TAX

VAT is levied on the following transactions:

- transfers of goods and services rendered for consideration;
- importation of goods; and
- intra-community transactions carried out in the national territory.

Natural or legal persons who carry out an economic activity or who, by carrying out a single taxable transaction, fulfil the assumptions of the actual incidence of personal income tax or corporate income tax are taxpayers subject to VAT.

Transfers of goods which are in Portugal at the moment of shipping to the purchaser or, if there is no shipment, that are in Portuguese territory when the goods are made available to the new purchaser are, as a general rule, subject to VAT in Portugal. Intra-community acquisitions are also subject to VAT in Portugal.

However, some transfers of goods are exempt from VAT:

- intra-community transfers of goods;
- exports, transactions assimilated to exports and international transport; and
- transfers of goods intended to be placed in customs and fiscal warehouses to be subsequently exported to other countries.

The provision of services is subject to VAT in Portugal:

- when the acquirer is a taxable person established in Portugal (B2B transactions); and
- when the acquirer is a non-taxable person (typically, a non-business consumer) and the provider of the service is established in Portugal (B2C transactions).

However, some services are always subject to VAT in Portugal when they are executed in Portugal, such as:

- real estate services (regarding real estate located in Portugal);
- transportation of passengers within the territory of Portugal;
- cultural, artistic, scientific, sporting, recreational, educational and similar events; and
- short-term lease of transportation vehicles made available in Portugal.

There are other exceptions to the above-mentioned location rules (e.g., telecommunications services, broadcasting, and electronic services when the acquirer is a person established or living outside Portugal).

The general VAT rate applicable in mainland Portugal is 23%. Certain goods and services are subject to an intermediate VAT rate of 13% or a reduced rate of 6%.

In the Azores, the general VAT rate is 16%. The intermediate rate is 9%, and the reduced rate is 4%. In Madeira, the VAT rates are 22%, 12% and 4%, respectively.

VAT is levied on the value of the consideration obtained or to be obtained from the purchaser. From this amount, default interest, discounts, rebates, and bonuses that may be granted are excluded.

VAT is due at the moment when the services are provided or when the goods are at the purchaser's disposition.

In addition to the above-mentioned transactions, the following transactions are also exempt from VAT:

- medical and educational services;
- transfer and renting of real estate;
- certain financial operations; and

- insurance and reinsurance operations.

As a rule, there is no tax deduction when the taxable person practices transactions exempt from VAT. However, in certain cases and subject to certain requirements, the law allows the deduction of VAT (e.g., intra-community transfers) or waiver of exemption (e.g., transfer and renting of real estate).

## 5.2. OTHER TAXES ON CONSUMPTION

In addition to VAT, other consumption taxes may be applied to products that entail environmental and public health costs. The following are Portugal's main excise duties:

- tax on alcohol, alcoholic beverages and beverages containing added sugar or other sweetening matter;
- tax on petroleum products and energy; and
- tax on tobacco.

The authorised warehouse keeper and the registered consignee are considered taxable persons.

These taxes are due to the taxable person at the moment of consumption or in the determination of losses to be taxed.

Embassies or consulates, international organisations recognised by the Portuguese State and the forces of a State party to the North Atlantic Treaty Organisation Products are exempt from subject excise duties.

## 5.3. CUSTOMS TAXES

As a member of the European Union, Portugal only imposes customs duties on imports of goods from countries that are not members of the EU Customs Union. Customs tariffs are set as a percentage of the price of the imported good and of the related costs which are included in the Common European Customs Tariff.

# 6. PROPERTY TAXES

## 6.1. OVERVIEW

Buying a property in Portugal requires registration with the Portuguese Tax Authority to obtain a taxpayer identification number. This process involves several taxes and related costs. Typically, the buyer's costs include the property transfer tax, stamp duty, property and land registry fees, municipal property ownership tax, and legal and notary fees.

## 6.2. PROPERTY TRANSFER TAX

The municipal real estate transfer tax is a municipal tax that taxes the onerous transfers of property rights over real estate assets located in Portugal. As a rule, IMT is levied on the value of the contract through which the asset was transferred or on its tax value, whichever is higher.

The acquisition of more than 75% of the share capital of a real estate company may also be subject to real estate transfer tax if certain conditions are met (e.g. real estate represents more than 50% of the assets and is not allocated to a business activity).

Normally, IMT is paid prior to the transfer of the property. Before executing the deed of sale, the notary will require proof of the IMT payment, which must be done through the Tax Authority's official website at [Portal das Finanças](#).

The real estate transfer tax rates vary according to the type of asset:

- Land: 5%.
- Urban buildings used as primary residence: between 0 and 7.5%.
- Urban buildings used as secondary residence: between 1% and 7.5%.
- Other urban buildings and other onerous acquisitions: 6.5%.
- Buildings (urban or land) or other acquisitions where the purchaser is resident in a territory subject to a clearly more favourable tax regime: 10%.

The real estate transfer tax rates applicable to residential urban properties are structured on a progressive scale as detailed below:

- up to €106,346: exempt (0%);
- over €106,346 and up to €145,470: 2%, with a deductible amount of €2,909.4.
- over €145,470 and up to €198,347: 5%.
- over €198,347 and up to €330,539: 7%.
- over €330,539 and up to €660,982: 8%.
- over €600,982 and up to €1,150,853: flat rate of 6%; and
- above €1,150,853: flat rate of 7.5%.

For individuals under 35 years of age purchasing their first home, the initial €330.539 of the property value or price is exempt from taxation, provided that the total value or price of the property does not exceed €648,022. To qualify, buyers must: (i) not be considered dependents for tax purposes in the year they buy – even if they still live with their parents – and (ii) not have owned any residential property at the time of purchase or in the previous three years.

Certain transactions are exempt from real estate transfer tax, such as the acquisition of real estate by investment funds for rental housing, as well as the acquisition of buildings for resale by real estate companies.

The real estate transfer tax rate will be 10%, irrespective of the value, in the case of properties owned or controlled, directly or indirectly, by legal entities resident in a state, territory or region with a clearly more favourable tax regime.

Typically, real estate transactions are exempt from VAT. Notwithstanding, under certain conditions, the seller or the lessor may opt to renounce such exemption to be able to deduct the input VAT.

### 6.3. PROPERTY TAX

The municipal property tax, IMI, is a real estate ownership tax levied annually on the taxable value of buildings located in Portugal. IMI is calculated based on the sum of the

property tax values (*Valor Patrimonial Tributável*, "VPT") of the properties held by each taxpayer as of December 31 of the year to which the tax relates.

The municipal property tax rates are different according to the type of real estate:

- Urban buildings: 0.3% to 0.45%.
- Land: 0.8%.
- Buildings owned by entities incorporated in offshore financial centres: 7,5%.

The applicable rate within these ranges will be determined by the municipalities on a yearly basis and will increase threefold in the case of urban property left vacant for more than a year or of buildings in a state of ruin.

The urban buildings and apartments will be deemed not to be in use if the owner has no contracts with utilities or there has been no consumption of water, electricity, gas, and telecommunications for a period of one year.

In addition to municipal property tax, an additional property tax (*Adicional ao Imposto Municipal sobre Imóveis*, "AIMI") is levied as follows:

- for individuals 0.7% for properties with a total tax value up to €1 million, 1% if between that value and €2 million, and 1.5% if it exceeds €2 million (for married couples all the values are doubled);
- 0.4% for corporations; and
- 7.5% for entities resident or domiciled in tax havens, regardless of the value of the property.

Urban buildings used for commerce, industry or services are not subject to AIMI.

The municipal property tax is paid in a single instalment in May when the tax amount is equal to or less than €100, in two instalments paid in May and in November when the tax amount is over €100 and equal to or less than €500 or three instalments paid in May, August and November when the tax amount exceeds €500. AIMI is paid in a single instalment in September.

Certain exemptions or reductions may apply to specific cases, including urban buildings used as personal and permanent residences, buildings owned by taxpayers with dependents, and urban buildings designated for touristic purposes.

The exemption for personal residence buildings is applicable only if the tax value of the property does not exceed €125,000 and the owner's taxable income in the year prior to acquisition is below €153,300.

When these conditions are met, the exemption is valid for a period of three years. Buildings incorporated into enterprises with a touristic purpose are exempt from tax for seven years.

Municipalities may reduce the municipal property tax rate applicable to urban buildings used as the primary and permanent residence of taxpayers or their household, based on the number of dependents the taxpayer's responsibility.

# 7. STAMP DUTY

Stamp duty is levied on various legal acts, documents, contracts and other transactions that are exempt from VAT, which are described in the General Stamp Tax Table, such as:

- Onerous acquisition of real estate: 0.8%.
- Donations: 10%.
- Lease and sublease: 10%.
- Business acquisition: 5%.
- Health insurance contracts: 5%.

Stamp duty is imposed on these facts even when they occur outside of Portugal if they are presented for legal purposes in Portugal.

There are certain facts that may benefit from stamp duty exemption under special conditions, such as:

- premiums and commissions related to life insurance;
- acquisition of a first permanent residence by an individual aged 35 or younger, provided that the property value does not exceed €330,539;
- transactions between financial institutions;
- shareholders' loans, including the respective interest;
- business restructuring or cooperation operations
- loans, up to 1 year, granted by companies in a control or group relation for treasury needs;
- cash pooling agreements, with a duration not exceeding one year, involving companies in a control or group relationship; and

- interest charged on loans for the acquisition, construction, reconstruction or improvement of one's own housing.



# I. OVERVIEW

## I.1. STATE OF THE PORTUGUESE LABOUR MARKET

According to Eurostat, in May 2025, Portugal's unemployment rate (seasonally adjusted) was 6.3 per cent, the same as the Eurozone average. On the topic of working hours, Portugal is the fifth European Union (EU) member state with the highest percentage of employees working long hours (9%), with the average in Europe being 7.1% in 2023.

## I.2. EMPLOYMENT LEGISLATION

In 2009, a new Labour Code was approved that simplified labour legislation. Shortly after its entry into force reforms were introduced that reduced the compensation due for dismissals grounded on objective reasons.

Since the adoption of the 2009 Labour Code, other aspects of the legislation have been revised to create more employer-friendly legislation as regards the workforce organisation. For instance, working schedules may now be managed with greater flexibility.

In April 2023, further amendments to the Labour Code were introduced, addressing a broad range of issues, including, among others, the employment status of digital platforms employees, parental leave, fixed-term employment contracts, teleworking, outsourcing of services and collective labour instruments.

Employment contracts in Portugal are subject to the mandatory rules set out in the law on several matters, such as remuneration, working hours, vacation rights and duration of contracts.

The contract duration, working hours, remuneration, vacation rights, leave entitlement, absences, and termination of contracts are the most important matters to be agreed upon by the parties, albeit subject to mandatory rules set out in the Portuguese Labour Code.

### 1.3. EMPLOYEE'S BASIC ENTITLEMENTS

The Portuguese labour legislation, like most other EU markets, is relatively rigid when compared with benchmark countries, including several entitlements and protections to workers, such as minimum wage, additional compensations (Christmas and vacation allowances), worktime etc.

Since 1 January 2026, the minimum monthly wage in Portugal (mainland) is €920. Salaries must be paid on a regular and permanent basis.

The salaries may be fixed, variable or mixed (including fixed and variable components). The variable components may be linked to productivity, commission based on sales, or other objective and determinable factors.

In addition to their monthly salary, employees are entitled to: (i) a Christmas allowance equivalent to one month's remuneration, payable by 15 December each year and (ii) a holiday allowance, generally equivalent to one month's remuneration, payable before the holiday period. If other payments, either than the basic salary, are made to employees, special rules will apply regarding the amounts to be included or excluded from the holiday allowances.

The maximum regular working period is eight hours per day and 40 hours per week. Employees are entitled to a minimum rest period of 11 consecutive hours between two successive daily work periods, as well as to one day of rest per week.

An additional weekly rest (in all or in certain weeks of the year) may also be given other than the rest day required by law.

Flexible work schedule arrangements can be implemented through an agreement between the employee and employer, provided that all applicable legal requirements and formalities are fulfilled.

Employees are entitled to 22 business days of paid holiday per year. Employees are also entitled to 13 national public holidays. Under the collective labour instruments, employers may be obliged to grant two optional public holidays (this may also be agreed by means of the employment contract).

# 2. HIRING EMPLOYEES

## 2.1. FORM OF CONTRACT AND OTHER FORMALITIES

In general, employment contracts do not need to be written. The law only requires a written document for some specific types of contracts, such as term contracts (fixed or unfixed contracts), temporary contracts, part-time contracts, plural employer contracts, telework contracts, commission of services contracts, secondment contracts and contracts with foreign employees.

The employer has the duty to inform employees of the relevant aspects of the employment relationship, including, among others:

- remuneration;
- normal work period (daily and weekly)
- place of work;
- employee's job position;
- brief description of employee's tasks;
- effective date of the employment contract;
- prior termination notice; and
- collective labour instrument (including, collective bargaining agreements), if any.

The employer must provide the employee with written information concerning, among other aspects, the employer's identification, place of work, job title, date of execution of the employment contract, term and estimated duration for fixed-term contracts, normal daily and weekly working hours, amount, method, frequency, and form of payment, duration and conditions of any probation period (if applicable), and the start date of the activity. This information must be delivered to the employee by the seventh day following the start of the contract's execution.

Furthermore, the employer is legally required to supply the employee with additional written details regarding pertinent aspects of the employment relationship, as stipulated by law, within one month from the commencement of the contract's execution.

The terms of the employment relationship are also governed by applicable collective labour instruments, as well as the established practices between the parties.

## 2.2. TYPES OF EMPLOYMENT CONTRACTS

The most used types of employment contracts are:

- **Open-ended or "permanent" contracts.** The general rule is that contracts without a specified term are deemed permanent, which means that the employer may only terminate the contract in the cases allowed by law.
- **Fixed-term contracts.** Fixed-term contracts are permitted only under specific legal conditions. They must be established for a predetermined period, aligned with the employer's temporary needs and within legal boundaries, both of which must be stated in the contract. The contract automatically terminates at the end of the agreed term unless renewed within the applicable legal limits. Renewals of fixed-term contracts are restricted to a maximum of three times. Additionally, the total duration of all renewals combined must not exceed the initial term of the contract. The overall duration of the contract is subject to legal limits, which vary depending on the justification for the fixed term. For instance, a fixed-term contract based on an exceptional and temporary increase in the employer's activity is limited to a maximum duration of two years.
- **Unfixed term contracts.** Unfixed term contracts expire after the completion of the employer's project or when the reason for which the employee was hired ceases to exist. Unfixed-term contracts have a maximum legal duration of four years. They may only be used to satisfy the employer's temporary needs under specific legal conditions.
- **Temporary employment contracts.** Temporary employment contracts are permitted only under specific legal conditions and must be executed through licensed temporary work agencies. These agencies hire employees who are then assigned to perform their duties at a user company. Such contracts are restricted to addressing

the employer's temporary needs and may be renewed within the legal terms and limits, which vary based on the justification for the contract. The nature of this justification determines whether the contract will be fixed-term or unfixed-term, as well as its maximum legal duration.

### 2.3. PROBATION

Probation periods, during which either party may unilaterally terminate the contract without prior notice and without cause, are allowed. When the probation period exceeds 60 days, the employer must provide seven days of prior notice. When it exceeds 120 days, the prior notice period extends to 30 days.

The length of the probation period depends on the type of contract, with the possibility of reduction by collective labour instrument or by written agreement between the parties.

The maximum legal probation periods are:

- For open-ended contracts:
  - 240 days for employees with management or senior positions;
  - 180 days for employees with job positions of technical complexity, high degree of responsibility or that require special qualifications, and for employees in positions that involve a higher degree of trust and confidence, as well as those seeking first employment and long-term unemployed. The 180-day probation period for first-time jobseekers and long-term unemployed individuals will be shortened or not apply if they previously held a term contract with another employer lasting at least 90 days; and
  - 90 days for other employees.
- For fixed and unfixed-term contracts:
  - 30 days for contracts with a duration equal to or higher than six months; and
  - 15 days for fixed-term contracts with a duration of less than six months or for unfixed term contracts which foreseeable duration does not exceed such limit.

The probationary period is reduced or excluded depending on whether the duration of the professional traineeship with positive evaluation for the same activity and different employer was equal to or greater than 90 days in the last 12 months.

The probationary period provided for in any of the previous points is reduced or excluded, depending on whether the duration of a previous term contract for the same activity, a temporary employment contract performed in the same job, a service contract for the same purpose, or a professional internship for the same activity, was less than or equal to or greater than the duration of that contract, provided that in any case they are concluded by the same employer.

In case of termination of the employment contract during the probation period, employees are not entitled to any compensation unless otherwise agreed in writing by the parties. Notwithstanding, employees are entitled to receive the labour credits due to the termination of the employment contract which are legally foreseen.

# 3. WORKING TIME

## 3.1. WORK SCHEDULE

The limits on working hours in Portugal are 40 hours per week and eight hours per day. Directors and other senior employees may not have a defined schedule, while mid-level and lower-level employees usually have defined working hours.

The employer and employee may mutually agree on flexible work schedule arrangements, provided that all applicable legal requirements and formalities are fulfilled. For instance, they may opt for an adaptability regime, allowing employers to increase normal daily working hours by up to two hours provided that the weekly working hours do not exceed 50 in any given week and the average weekly working hours, including overtime, not surpass 48 hours per week over a reference period of four months (this reference period can be extended by collective labour instrument).

## 3.2. OVERTIME COMPENSATION

According to the Labour Code, overtime work refers to work performed outside an employee's regular schedule. Due to its exceptional nature, overtime work is permitted only under specific circumstances:

- there is a temporary and occasional increase in company activity that does not justify hiring a new employee;
- in cases of force majeure; and
- when it is essential to prevent or repair serious harm to the employer's business or its viability.

Overtime payment is calculated based on the employee's hourly rate, with additional percentages applied depending on the number of hours worked annually and the type of day.

Overtime pay varies based on the number of hours worked per year and the type of day. For up to 100 hours of overtime annually, on business days, the first hour or part

thereof gets a 25% increase, and each subsequent hour or part thereof sees a 37.5% increase. On weekly rest days, whether mandatory or complementary, or public holidays, each hour or part thereof earns a 50% increase.

For overtime exceeding 100 hours per year, the rates rise significantly. On business days, the first hour or part thereof is paid with a 50% increase, while each subsequent hour or part thereof jumps to a 75% increase. On weekly rest days, whether mandatory or complementary, or public holidays, every hour or part thereof is compensated with a 100% increase.

Overtime work in Portugal is governed by strict legal rules, including limits on duration, mandatory payments, compensatory rest periods, and employer recording obligations. For instance, if an employer fails to comply with legally required record-keeping duties, the employee is entitled to remuneration equivalent to two hours of overtime for each day worked outside regular hours, in addition to other applicable penalties.

### 3.3. WORK SCHEDULE EXEMPTIONS

The Portuguese Labour Code imposes precise legal conditions and formalities regarding the application of exemptions to the employees' work schedules and specifies the categories of employees who may qualify for this regime, which may include administrative or managerial roles, positions that entail trust, supervision, or the assistance to individuals in those roles.

The law establishes three distinct categories of exemption from the work schedule regime, each accompanied by specific compensatory measures stipulated by law:

- exemption from the maximum limits of the normal working period, which compensation is determined by the applicable collective labour instrument and in its absence, the compensation may not be less than the equivalent of one hour of overtime per day;
- permission to extend the normal working period, whether on a daily or weekly basis, within specified limits, which compensation will be determined by the applicable collective labour instrument and in the absence of the same, the compensation may not be less than the equivalent of one hour of overtime per day; or

- adherence to the agreed normal working period, which compensation will be determined by the applicable collective labour instrument and in the absence of the same, the compensation may not be less than the equivalent of two hours of overtime per week.

Employees in administrative or managerial roles are permitted to renounce the compensation mentioned in the preceding paragraphs.

Notwithstanding other legal limitations, the work schedule exemption regime does not impact the entitlement to mandatory or additional weekly rest days, public holidays, or daily rest periods.

# 4. SALARY

## 4.1. MINIMUM WAGE

Employees are entitled to a minimum salary, which is set by the Government and updated annually based on the cost of living, national productivity and the government's prices and incomes policy.

The national minimum wage in Portugal (mainland) for 2025 is set at €870 per month, paid 14 times a year (including the mandatory Christmas and holiday allowances). For specific occupations and professions, minimum wages may be determined through collective labour instruments, provided they do not fall below the legally established minimum wage set by the Government.

## 4.2. PAYMENT OF SALARY AND CALCULATION OF ALLOWANCES

The remuneration must be paid on a regular and permanent basis and may be fixed, variable or mixed (comprising fixed and variable components).

In each year, employees are entitled to receive twelve monthly remunerations. In addition, employees are also entitled to receive:

- a Christmas allowance equal to one-month remuneration payable until December 15; and
- a holiday allowance generally equivalent to one month's remuneration, payable before the holiday period. If other payments, either than the basic salary, are made to employees, special rules will apply regarding the amounts to be included or excluded from the holiday allowances.

The amount of both Christmas and holiday allowances is proportional to the time of service rendered by the employee in that calendar year (i) in the year of hiring of the employee and (ii) in the year of termination of the employment contract.

In the event of suspension of the employment contract special legal rules apply depending on the duration of the suspension, the underlying reasons, and, where relevant, the date of termination of the employment contract.

#### 4.3. RESTRICTION ON OFFSETTING EMPLOYER'S CREDITS AGAINST THE EMPLOYEE'S SALARY

Employers may not offset credits held over employees against any salary or make any discounts or deductions from employees' salary during the period the employment contract is in force.

There are, however, exceptions to this rule, subject to certain limits, which include:

- deductions in favour of the State, Social Security, or other entities as mandated by law, final court decision without further appeal, or mediation settlement, provided that such decision or settlement has been formally notified to the employer;
- compensation as determined by a final court decision without further appeal or mediation settlement;
- monetary penalties arising from a disciplinary procedure;
- repayment of capital and interest on loans provided by the employer to the employee;
- costs for meals at the workplace, telephone usage, supply of assets, fuel, or materials when requested by the employee, as well as other expenses incurred on behalf of and with the consent of the employee; and
- subsidies or advance payments made on account of the employee's salary.

# 5. TELEWORK

## 5.1. DEFINITION AND LEGAL FRAMEWORK

Teleworking refers to the performance of work by an employee under the legal subordination of an employer, conducted at a location not determined by the employer, and facilitated by the use of information and communication technologies.

## 5.2. MANDATORY WRITTEN AGREEMENT

Teleworking agreements must be made in writing. The telework agreement may be incorporated into the initial employment contract or established as a separate document.

The agreement must include, *inter alia*, the following:

- identification of the parties;
- frequency and method of personal contact;
- normal working period (daily and weekly) and working hours;
- the usual place of work for the employee;
- the employee's salary, along with any additional or complementary benefits; and
- ownership of the work instruments and who is responsible for the respective installation and maintenance.

Any change to the designated place of work set out in the agreement must also be documented in writing.

## 5.3. COMPENSATION FOR ADITIONAL EXPENSES

The employment contract or the applicable collective labour instrument must define the compensation owed to the employee for additional expenses incurred due to

teleworking. Such expenses must be addressed at the time the teleworking agreement is concluded and must, at a minimum, comply with statutory requirements.

#### 5.4. DURATION OF TELEWORKING AGREEMENTS

A teleworking agreement may be established within any type of employment contract, either open-ended (or "permanent") contracts or term contracts (fixed and unfixed).

A teleworking agreement may be established on either a permanent or temporary basis. For temporary agreements, telework is limited to a maximum duration of six months, automatically renewed for equivalent periods unless either party provides written notice of non-renewal at least 15 days before the expiration date.

In the case of permanent agreements either party may terminate the telework arrangement by providing 60 days' written notice.

In both of the referred cases (temporary or permanent agreements), either party may terminate the agreement during the first 30 days without prior notice.

#### 5.5. RETURN TO IN-PERSON WORK

Upon the conclusion of the agreed teleworking period, whether under a temporary or permanent agreement the employee must resume in-person work.

This transition does not affect the employee's category, seniority, or any other rights equivalent to those of in-person employees with similar duties and working hours.

#### 5.6. EMPLOYER RESPONSIBILITIES FOR EQUIPMENT AND SYSTEMS

The employer is responsible for providing the necessary equipment and systems required for teleworking. The written agreement must state whether the employer will directly supply these resources or if the employee is responsible for acquiring them, with subsequent reimbursement.

## 5.7. REIMBURSEMENT OF ADDITIONAL EXPENSES

The employer must cover or reimburse all additional expenses incurred by the employee, including costs for computers, equipment, increased energy, communication, and maintenance that are properly demonstrated and documented by the employee.

The employment contract and the applicable collective labour agreement must establish, upon the conclusion of the teleworking agreement, the amount of compensation owed to the worker for additional expenses.

In the absence of an agreement between the parties, the method for calculating additional expenses involves, *inter alia*, a comparison of the employee's costs in the same month of the previous year, prior to the implementation of the teleworking agreement.

Currently, Ordinance No. 292-A/2023, dated of September 29<sup>th</sup>, determines the maximum compensation amount excluded from income tax and defines the basis for Social Security contributions related to additional expenses.

# 6. VACATIONS AND TIME OFF DAYS

## 6.1. VACATION

Employees are entitled to 22 business days of paid holiday per year. Employees are also entitled to 13 national public holidays: January 1, Good Friday, Easter Sunday, April 25 (commemorating the 1974 democratic revolution), May 1 (Workers' Day), Corpus Christi, June 10 (Portugal's national day), August 15, October 5 (commemorating the Portuguese Republic), November 1 (All Saints), December 1 (Portugal's Independence Day), December 8 (Immaculate Conception) and Christmas Day.

Under certain collective labour instruments, employers may be obliged to grant two optional public holidays: Carnival/Shrove Tuesday and the local municipal holiday. Additionally, employers and employees can mutually agree to observe these optional holidays as per the terms of the individual employment contract.

In general, the right to holiday leave is mandatory and cannot be substituted by any form of compensation, whether financial or otherwise, even with the employee's consent. However, employees may waive any holiday entitlement exceeding 20 working days.

The right to holiday leave accrues on January 1 of the following year.

Nonetheless, specific exceptions exist to the stated rule, encompassing, among other aspects, the year of admission, the year of termination of the employment relationship, and cases of suspension of the employment contract due to causes attributable to the employee.

In the year of admission, the employee is entitled to only two working days of vacation for each full month of the contract's duration, with a maximum of 20 days. The right to vacation is only acquired after six months of contract execution, unless otherwise agreed.

Additionally, specific regulations apply when an employment contract is terminated in the calendar year following its start or if its duration is 12 months or less. In these

circumstances, the total vacation entitlement or corresponding compensation due to the employee must not exceed the proportional share of the annual vacation period based on the contract's duration.

When the contract ends before all vacation days have been taken, the employee is entitled to receive remuneration corresponding to the unused vacation period, including the respective vacation allowance. The calculation of the amount to be received in the year of the contract's termination is also proportional to the time worked in that year.

## 6.2. TIME OFF FOR ILLNESS OR INJURY

Employees are entitled to take time off from work due to illness or injury set out in the law. Collective labour instruments may establish specific rules regarding employees' time off entitlements granted by the employers.

In case of illness or injury, employees are entitled to receive sick pay from Social Security, calculated based on their reference remuneration under Social Security criteria. To claim this benefit, employees must submit, *inter alia*, a specific form along with a statement from a hospital, health centre, or doctor evidencing their condition to Social Security.

Additionally, employees are entitled to time off to care for a sick child or dependent, or to provide support to family members within the legal limits and fulfilled all legal requirements and formalities. In some instances, such absences may result in a loss of remuneration for the employee.

If the absence is unforeseeable, employees must inform their employer as soon as possible. For foreseeable absences, the employee is required to notify the employer at least five days in advance and state the reasons for the absence. The employer has the right to require the employee to provide evidence or documentation to substantiate the absence, within 15 days following the notification of the absence.

## 6.3. PREGNANT EMPLOYEES' RIGHTS

If an employee's work duties pose clinical risks to a pregnant employee or her unborn child, the employer must take one of the following measures:

- adapt the pregnant employee's working conditions;
- assign alternative duties to the employee that align with her professional role and qualifications if the adaptation mentioned in the previous point is unfeasible, overly time-consuming, or excessively expensive; or
- exempt the employee from work for the required duration if the measures mentioned in the previous points are not feasible.

Pregnant employees are exempt from night shifts, overtime, adaptability, hour banks, and concentrated work schedules. Additionally, they are entitled to leave for prenatal medical appointments, post-birth, and for breastfeeding purposes. This subject to compliance with all legal requirements and formalities within the established legal limits.

#### 6.4. PARENTAL LEAVE

Employees are entitled to parental leave for a child's birth, which may be shared between both parents after the birth of the child.

The initial parental leave is granted for a period of up to 120 or 150 consecutive days, depending on the parent's choice. A bill for increasing parental leave to 180 or 210 days is now under discussion in Parliament.

The initial parental leave can be increased by 30 days if one of the parents takes exclusively one period of 30 consecutive days or two periods of 15 consecutive days after the mother's compulsory period of 42 days of leave following childbirth.

The following daily values are applied to the amounts of the allowances according to the period of concession:

- for (i) 120 days and (ii) 150 days of shared leave: 100% of reference pay;
- for 180 days of shared leave where each person takes consecutively 30 days or two periods of 15 days: 83% of the reference remuneration;
- for 180 days of leave where the father takes consecutively 60 days or two periods of 30 days, in addition to the father's exclusive period: 90% of the reference pay;
- for 150 days of leave: 80% of the reference pay.

The amount of the allowance cannot be less than €13.58.

In the case of shared parental leave, employees must also inform, in writing, their employers of the start and end dates of each of their leave periods through a joint written statement up to seven days after the child's birth.

Notwithstanding the rules above, female employees are always entitled to 72 days of leave, of which a maximum of 30 days are taken optionally before the birth, and 42 days are mandatory and taken immediately after the birth.

If the employee opts to take the aforementioned 30 days, she must notify the employer of her intention and submit a medical certificate stating the anticipated date of birth. This notification must be given at least 10 days in advance or, in the event of an emergency as verified by a doctor, as soon as practicable.

The father must take mandatory parental leave of 28 working days (consecutive or not), of which seven consecutive days immediately after the birth of the child, and 21 days in the 42 days following the birth of the child, taken in minimum periods of seven days. Fathers are also entitled to an additional and optional period of seven days (consecutive or not), provided that this leave period is enjoyed at the same time as the mother's leave period.

After the 120-day leave period, parents can accumulate the remaining period of the initial parental leave with part-time work.

In this case, the remaining period is registered as half-days, and the period of subsidised leave is split, i.e. a period of 30 days is split into 60 half-days.

In addition to the initial parental leave, employees are entitled to further rights associated with parental leave. In Portugal, the parental leave framework is governed by a complex set of rules, legal obligations, and formalities.

Furthermore, to qualify for parental protection benefits from the Portuguese State, employees must be eligible for and take the leave stipulated under the Labour Code, while also complying with all legal obligations and formalities required by Social Security.

# 7. RESTRICTIVE COVENANTS

## 7.1. EXCLUSIVITY AND NON-COMPETE COVENANTS

As a general rule, restrictive covenants during employment or following its termination are governed by specific legal requirements and formalities.

Non-compete agreements after termination are allowed if the following requirements are met:

- the non-compete covenant is agreed in writing (for instance, under the employment contract);
- the performance of a competing activity by the employee is likely to cause harm to the employer;
- fair compensation amount must be agreed and paid to the employee; and
- the non-competition covenant may not exceed two years after termination of the contract or, in some exceptional cases, up to three years if the activity performed entails a special relationship of trust or access to sensitive information.

Once established, any modification or elimination of legally binding restrictive covenants generally requires the written consent of both the employer and the employee.

Except for the cases allowed by law, restrictive covenants agreed in employment contracts or those settled in collective labour instruments could be considered null and void insofar they limit employees' freedom of work.

## 7.2. NON-TERMINATION COVENANTS

In order to compensate the employer for high expenses incurred with the employee's professional training, employees may also agree on non-termination covenants, whereby

the employee undertakes not to terminate the contract during a period of no more than three years.

The employee may in any case anticipate the end of this period by reimbursing the employer for the relevant expenses incurred.

To enforce restrictive covenants after termination of the employment contract, the agreement must state either the compensation amount payable to the employee or its calculation criteria.

This compensation could be paid in instalments during the term of the agreement or all at once. The parties may also agree on contractual penalties applicable in case of breach of restrictive covenants.

# 8. HEALTH AND SAFETY

## 8.1. OVERVIEW

The Portuguese Labour Code establishes the right of all employees to work in safety and health conditions, which must be ensured by the employer in all aspects related to work, namely by applying all the necessary measures taking into account the general principles of prevention and the organisation of health and safety at work in accordance with the law.

Additionally, the Safety and Health at Work Act defines the essential principles concerning the promotion of health and safety at work, which must be complied with.

This law defines the general principles of prevention, the employers' obligations, the employees' representatives election model<sup>10</sup>, the protection of particular groups of employees, the compulsory activities of health and safety at work and the organisational modalities.

This applies to:

- all branches of activity in the private or cooperative and social sectors;
- the employee and his employer, including non-profit legal persons governed by private law;
- self-employed person;
- domestic service, whenever compatible with its specificities; and

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<sup>10</sup> Article 4 of the Health and Safety at work Act defines employee representative as "the employee elected to perform employees representation duties in the fields of occupational health and safety".

- work performed without legal subordination, when the provider of work considers himself or herself to be economically dependent on the beneficiary of the activity, when compatible with its specifications.

## 8.2. GENERAL RULES ON HEALTH AND SAFETY

The employee has the right to work under health and safety conditions, which must be ensured by the employer.

It must also be assured to the employee that economic development of the company aims to promote the humanisation of work in safe and healthy conditions.

To prevent occupational risks and the promotion of the employees' health, the employer must organise the health and safety activities.

The implementation of measures to ensure occupational health and safety is based on the following prevention principles:

- planning and organising the professional risks prevention;
- elimination of risks and accident factors;
- occupational risks assessment and control;
- ensure information, training, consultation and participation of employees and their representatives; and
- promotion and surveillance of the employees' health through an effective surveillance system.

In general, employees are entitled to work in conditions that prioritise health and safety, which the employer is obligated to ensure.

The employer must also guarantee that the company's economic development promotes the humanisation of work within safe and healthy environments.

### 8.3. EMPLOYERS' GENERAL OBLIGATIONS

Under the Health and Safety at Work Act, employers are required to guarantee suitable occupational health and safety conditions for their employees. This includes the following obligations:

- avoid risks;
- develop prevention as a cohesive system that incorporates technical advancements, work organization, working conditions, social interactions, and the impact of environmental factors;
- identify foreseeable risks across all company activities, establishments, or services, during the design or construction of facilities, workplaces, and procedures, as well as in the selection of equipment, substances, and products, aiming to eliminate these risks or, where elimination is not feasible, to minimize their impact;
- embed risk assessment for employees' health and safety within the company's operations, establishments, or services, implementing suitable protective measures;
- address risks at their source to eliminate or reduce exposure and enhance protection levels;
- ensure that workplace exposure to chemical, physical, and biological agents, as well as psychosocial risk factors, does not pose a threat to employees' health and safety;
- tailor work to the individual, particularly in the design of workplaces, the selection of equipment, and the establishment of work methods, to minimize monotonous and repetitive tasks and reduce psychosocial risks;
- adapt to technological progress and evolving forms of work organization;
- replace hazardous equipment and items used in the workplace for less dangerous or not dangerous at all;
- prioritize collective protective measures over individual ones; and
- prepare and communicate clear instructions that are appropriate to the employees' roles.

These duties equally apply to self-employed individuals.

## 8.4. INFORMATION AND CONSULTATION OBLIGATIONS

Employers are required to ensure that employees and their representatives have the necessary knowledge to develop the activity safely and with no risks for their health. This includes:

- providing clear safety instructions and procedures;
- providing information and training to employees regarding the risks associated with their professional duties, including the protective and preventive measures in place and their implementation, both in relation to their specific tasks and the wider context of the company, establishment, or service; and
- providing information about safety procedures and best practices to adopt bearing in mind the risks inherent in the activity and potential emergency situations.

Notwithstanding the responsibility to ensure information remains up to date, the employer is obliged to deliver the information to the employee at the stipulated times, as detailed in the following:

- upon commencement of employment with the company;
- in the event of updates to previously disclosed information; and
- at the request of the employee, within a reasonable period.

Additionally, the employer must ensure that employees assigned specific roles in occupational health and safety are informed about pertinent issues.

Employers are required to keep records of the performed training initiatives.

In addition to their obligation to inform, employers must seek the opinion of employees' representatives, or directly the employees if no representatives exist, on health and safety issues at least annually. These consultations must be conducted in writing, in advance, and in a timely manner, addressing the specified topics:

- risk assessments for occupational health and safety, including special risks;
- health and safety measures, to be discussed before implementation or, in emergencies, as soon as possible;

- measures impacting technologies and/or functions that affect occupational health and safety;
- the programme and organization of occupational health and safety training;
- appointment of the employer's representative responsible for monitoring health and safety activities;
- appointment and dismissal of employees tasked with specific health and safety duties;
- appointment of employees responsible for first aid, firefighting, and evacuation, including their training and available materials;
- the type of health and safety services to be adopted, both within the company and externally, as well as the engagement of qualified technicians for safety and health activities;
- protective equipment required to be worn;
- risks, protective measures, and preventive actions, along with their application;
- the annual list of fatal occupational accidents and those causing incapacity for work exceeding three working days, to be compiled by the end of March of the following year; and
- reports on occupational accidents.

Compliance with these obligations must be documented in a digital format record maintained by the employer.

## 8.5. HEALTH AND SAFETY TRAINING

The Health and Safety at Work Act ensures that employees are entitled to adequate training in health and safety matters, tailored to their specific roles and the performance of high-risk activities.

Although the law does not explicitly define "adequate training," it implies that such training must consider the employee's position and the specific high-risk activities associated with it.

Consequently, the nature and scope of training provided by the employer must be determined on a case-by-case basis, reflecting the type of activity and its inherent risks.

There is no prescribed minimum duration for this training. However, employers are obligated to provide ongoing training to employees involved in any health and safety-related activities, whether fully or partially.

Furthermore, training must be extended to a sufficient number of employees, taking into account the size of the company and the specific risks present. This includes training in first aid, firefighting, and evacuation procedures. Employers must also ensure the availability of appropriate materials and resources to support these safety measures.

## 8.6. MEDICAL EXAMS

Under the Health and Safety at Work Act, employers must conduct the following medical examinations for their employees:

- **Admission examinations:** to be carried out before the start of employment or, if urgent admission requires a delay, within 15 days the employment commencement date.
- **Periodic examinations:** conducted annually for minors and employees over 50 years of age, and every two years for all other employees.
- **Occasional examinations:** required whenever there are significant changes in work processes or equipment, or upon an employee's return to work after an absence of more than 30 days due to illness or accident.

Based on the employee's health condition and the outcomes of occupational risk prevention measures within the company, the occupational doctor has the authority to adjust the frequency of the examinations outlined in the preceding paragraph, either by increasing or decreasing them as deemed necessary.

The purpose of these medical checkups is to assess the employee's physical and mental fitness for their role and to monitor the impact of working conditions on their health.

# 9. TRANSFER OF BUSINESS

## 9.1. LEGAL FRAMEWORK

The Portuguese Labour Code establishes the conditions for the transfer of employees in the event of a transfer of undertakings (TUPE), that is, when an economic unit (a set of organised means) is transferred and maintains its identity and autonomy, with the purpose of pursuing an economic activity.

The concept of transfer for this purpose is broad and may encompass various business deals such as mergers, divisions, goodwill transactions, lease, asset transfers, among others.

## 9.2. TRANSFEROR AND ACQUIRER OBLIGATIONS

Both the transferor and the acquirer must provide the employees and their representatives (if any) with the following information:

- the date and reasons for the transfer;
- the legal, economic, and social implications of the transfer for the employees;
- any planned measures relating to the employees; and
- the content of the agreement between the transferor and the acquirer.

This information must be provided in writing before the transfer, and at least 10 business days prior to the consultation with the employees in order to reach agreement on the measures intended to be applied to the employees following the transfer.

Within five business days of receiving the written TUPE information, employees may, in the absence of existing representatives, appoint a representative committee comprising a maximum of three members if the transfer affects up to five employees, or five members if it affects more than five employees.

A consultation period with employee representatives will only take place if a representative committee has been appointed. If no such committee is appointed, the transfer may only take effect seven business days after the deadline for appointing the committee has expired.

The purpose of the consultation period is to negotiate and reach an agreement regarding the employees' situation following the transfer. In cases where only a small number of employees are affected, it is customary to hold a brief face-to-face or online informative meeting with the employees.

When the consultation period ends, a final TUPE communication must be sent to the affected employees. If a consultation period occurred, the transfer may only take effect seven business days after either an agreement is reached or the consultation with the employees' representatives has ended.

### 9.3. THE RIGHT OF OPPOSITION TO THE TRANSFER BY THE EMPLOYEE

Employees may object to the transfer to the acquirer by notifying their employer within five business days following either: (i) the end of the period designated for appointing the representative committee, if such a committee has not been established; or (ii) after the agreement or the completion of consultations with the employees' representatives.

The employee may object to the transfer on the following grounds:

- serious harm, such as: (i) evident lack of solvency on the part of the acquirer, or (ii) a challenging financial situation of the acquirer; and
- lack of confidence in the acquirer's work organisation policy.

The employee's right of opposition must be exercised in writing, containing at least:

- the identification of the employee;
- the contracted activity; and
- the grounds for the opposition.

The employee's opposition prevents the transfer of the employer's position in his or her employment agreement, and the employment relationship with the transferring company is maintained.

The transfer of an undertaking constitutes grounds for termination with just cause of the employment agreement by the employee, and the grounds must be the same as those for the right of opposition. In this case, the employee will be entitled to compensation under the terms applicable to collective dismissal.

Thus, the employee has the right to choose one of the following options in the event of opposition to the transfer of the undertaking:

- the employee may terminate the employment agreement, being entitled to compensation; or
- the employee may oppose the transfer of his/her employment agreement and remain with the transferring company.

#### 9.4. LEGAL EFFECTS OF THE TRANSFER

Employment agreements are transferred to the acquirer, as well as the responsibility for the payment of fines imposed for the practice of labour misdemeanours.

Upon the transfer of the undertaking, employees maintain all contractual and acquired rights, namely remuneration, seniority, professional category and functional content, and social benefits.

During the two years following the transfer, the transferor is jointly and severally liable for the employee's claims arising from the employment contract, its breach or termination, as well as the corresponding social charges, accrued up to the date of transfer.

With the transfer, the acquirer becomes vested with all the obligations that the transferor had under the collective labour instruments in force in the company or establishment being transferred, for at least 12 months as of the transfer, regardless of whether or not the acquirer had signed such a collective labour instruments.

# 10. TERMINATION OF EMPLOYMENT CONTRACTS

## 10.1. GENERAL ASPECTS

The termination of employment contracts can only happen under the terms and conditions set forth in the Labour Code, and dismissals without just cause are prohibited. Employment contracts may only be terminated in the following cases:

- expiration of term contracts;
- unilateral termination during the probationary period;
- collective dismissal;
- redundancy;
- dismissal for ineptitude; and
- dismissal due to a fact attributable to the employee.

Employers and employees are also free to terminate the employment contract by mutual agreement at any time.

## 10.2. EXPIRATION OF TERM CONTRACTS

The employment contracts expire when their term expires, upon prior notice, which must be sent:

- in fixed-term contracts, by the employer or the employee, 15 or eight days before the contract expires, respectively;

- in unfixed-term contracts, seven, 30 or 60 days before the contract expires due to the termination of the motive that gave rise to the same.

The duration of this prior notice depends on the length of the employment contract, specifically: seven days if the contract lasted up to six months, 30 days if it lasted between six months and two years, or 60 days if it lasted for a longer period. Upon the termination of the employment contract, the employee is entitled to receive the outstanding credits, if any, and the compensation calculated in accordance with the law in force at the time.

### 10.3. TERMINATION OF THE PERMANENT EMPLOYMENT CONTRACT FOR IMPOSSIBILITY

Permanent employment contracts terminate due to the supervening, absolute and definitive impossibility of the employee providing her/his work or of the employer receiving the same.

### 10.4. REVOCATION BY MUTUAL AGREEMENT

The employer and the employee can terminate the employment contract by agreement setting out the terms and conditions of the termination. The revocation does not include any severance compensation, unless explicitly agreed upon by both parties.

### 10.5. TERMINATION BY THE EMPLOYEE

The employee can terminate the contract with just cause in the cases specified in the law, in which case she/he will be entitled to receive compensation.

Regardless of the existence of just cause, the employee can terminate the employment contract with prior notice of 30 or 60 days, depending on whether the contract lasted for less than or more than two years, respectively.

For fixed-term contracts, termination notice must be given at least 30 days prior if the contract lasts six months or more, or at least 15 days prior if the contract duration is less than six months.

For unfixed-term contracts, the notice period mentioned above is determined based on the length of time the contract has already been in force.

## 10.6. COLLECTIVE DISMISSAL

Collective dismissal is possible when the employer intends to dismiss a minimum of two employees (in companies with less than 50 employees) or five employees (in companies with 50 or more employees). A collective dismissal procedure does not necessarily imply the full and permanent closing of a department or a division of a company and may only involve a reduction of the workforce allocated to specific areas.

The collective dismissal must be based on the following grounds:

- **Market structure reasons** (e.g., the reduction of the company's business activity arising from a predictable decrease in the demand for goods or services).
- **Structural reasons** (e.g., the existence of economic and/or financial operational deficits, changes to the activity or restructuring of the company's productive organisation).
- Technological reasons.

The collective dismissal procedure entails the following steps:

- **Initial notice of dismissal.** Serve an initial notice of dismissal to the work council, if any, or to each of the employees affected by redundancy. This notice must include: (i) the reasons given for the collective redundancy; (ii) the workforce, broken down by organisational sector of the company; (iii) the criteria for selecting the employees to be made redundant; (iv) the number of employees to be made redundant and the professional categories covered; (v) the period of time during which the redundancy is to take place; (vi) the method for calculating the compensation to be granted to the redundant employees, which cannot be below the severance compensation specified by law;
- **Employee committee.** Employees may appoint an employee committee within five business days after initial notice is served (optional).
- **Consultation phase.** The employer will set up a consultation meeting with the affected employees (or the employees' committee, if any) with the purpose of

reaching an agreement on the proposed collective dismissal and to decide whether or not any measures should be applied to minimise the dismissal effects; a representative of the Ministry(ies) of Economy and Labour will also attend the consultation meetings; and

- **Final dismissal decision.** At the conclusion of the process and in accordance with the timelines established by the applicable legal framework, the employer must notify the affected employee of the final dismissal decision. The decision must explicitly state the reasons for dismissal, the effective date of contract termination, and detailed information regarding compensation, as well as any pending credits due and payable.

On the date on which the notice is sent to the employees, the employer must send the minutes of the meetings of the information and negotiation phase to the department of the ministry responsible for the labour area with competence for monitoring and promoting collective labour instruments, or, if that is not possible, inform the authorities of the reasons that prevented the parties from reaching an agreement and the final positions of each of the parties, as well as a list containing the name of each employee, address, dates of birth and admission to the company, social security status, profession, category, remuneration, the measure decided upon and the date set for its implementation. A copy of this information must also be provided to the employees' representative organisation.

Upon the termination of the employment, the employee is entitled to receive the outstanding credits and severance compensation.

## 10.7. REDUNDANCY

In case the number of employees is not enough for a collective dismissal, termination due to the extinction of the job post could be an alternative. However, the dismissal must be based on the same justifications legally required for collective dismissal, and it must meet the following requirements:

- the economic, structural or technological reasons for the termination of the employment agreement do not relate to an intentional behaviour of the employee or the employer; and

- the tasks included in the position to be extinct are not being executed by employees hired by the employer under a term employment agreement.

Dismissal for redundancy is allowed only when the following conditions are met: (i) the reasons for dismissal are not attributable to fault on the part of either the employer or the employee; (ii) maintaining the employment relationship is practically unfeasible; (iii) the company has no fixed-term contracts for roles equivalent to the position being terminated; and (iv) the situation does not fall under the scope of collective dismissal.

If more than one employee faced the same justification for dismissal, the employer must comply with specific criteria in the following order:

- lower performance;
- lower academic and professional qualifications;
- higher cost to the company for maintaining the employee's contract;
- lower experience in the position; and
- lower seniority in the company.

The dismissal due to the extinction of the job position entails the following steps:

- **Employers' notice justifying the dismissal.** The employer must issue a written notice to the workers' committee or, in its absence, to the inter-union committee or trade union committee, as well as to the impacted worker and, if the worker is a union representative, to the corresponding trade union association. The notice must detail: (i) the necessity to abolish the position, including the justification and the specific department or equivalent unit affected; (ii) the requirement to dismiss the employee holding the position to be abolished, along with their professional category; and (iii) the standards applied in selecting the employees for dismissal.
- **Employee's response to notice of dismissal.** Within 15 days of this communication, the employee or the employee's representative organisation may send the employer its justified opinion on the reasons for the dismissal.
- **Employee's request to Ministry for Economy and Labour.** Within five business days from the reception of the termination notice, the employee may request the intervention of the Ministry for Economy and Labour for the purposes of verifying compliance with the statutory requirements.

- **Employer's final decision to terminate the employment.** Within five days of the period to challenge the dismissal, the employer may issue a final decision of termination of the employment agreement. This decision must be in writing and state: (i) the basis for terminating the employment; (ii) confirmation of adherence to legal requirements; (iii) proof of the criteria applied in selecting the role for termination, if there has been any opposition; (iv) the details of compensation and any pending payments due from the termination, including the amount, payment method, timing, and location; and (v) the specific date on which the contract termination takes effect.

With the termination of the employment, the employee is entitled to receive the outstanding credits and severance compensation.

The reasons for the termination cannot be related to the intentional behaviour of the parties, and the employer cannot hire another employee to perform the same functions as the dismissed employee.

## 10.8. DISMISAL FOR INEPTITUDE

The employer may terminate the employment contract when the employee is no longer suited to perform the duties assigned to him/her for not being able to adapt to technical changes.

Employment ineptitude may be caused by several reasons, such as:

- continued reduction of productivity or work quality;
- repeated breakdowns in the means assigned to the workstation; and
- risk to the health and safety of the employee, other employees or third parties.

Ineptitude can also occur when an employee assigned to a position of technical complexity or management does not meet the goals previously agreed upon in writing as a result of the way in which the employee performs her/his duties, and it is practically impossible for the employment relationship to persist.

Employers seldom use ineptitude as a dismissal ground because its requirements are difficult to prove and must follow a specific legal procedure with multiple steps.

Upon termination of the employment, the employee is entitled to a severance compensation, which takes into account the time of the employment.

#### 10.9. DISMISSAL DUE TO A BREACH OF CONTRACT ATTRIBUTABLE TO THE EMPLOYEE

The employer may dismiss the employee with "just cause", following a disciplinary process, in case of breach of her/his legal or contractual duties, without the obligation to pay any compensation.

The employer may terminate the employment with just cause. The following, among others, constitute just cause for dismissal:

It is considered just cause, among others:

- failure to comply with superior's orders;
- infringement of other employees' rights and guarantees;
- repeatedly provoking conflicts with company employees;
- repeated lack of interest in fulfilling the obligations inherent to the position or job;
- justification of absences with false reasons;
- unjustified absences (five consecutive or ten intermittent days off); or
- intentional failure to comply with safety, health and hygiene labour rules.
- Injury to serious patrimonial interests of the company
- Practice, within the scope of the company, of physical violence, insults, or other offenses punishable by law against a company employee, a member of the corporate bodies, or an individual employer not belonging to these, their delegates, or representatives.
- Kidnapping or, in general, crimes against the freedom of the persons referred to in the previous paragraph.
- Non-compliance or opposition to the enforcement of a judicial or administrative decision; or

- Abnormal reductions in productivity.

Dismissal with just cause may only take place after conducting a disciplinary procedure against the employee, which must be initiated within 60 days after the employer becomes aware of the actions that, in her/his view, constitute a breach of the employee's duties. The proceedings are conducted by a senior person at the company, usually in the human resources department or legal department.

The proceeding starts with a written notice specifying the reasons for the procedure and informing the employee of the employer's intention to dismiss the employee. After receiving this notice, the employee has ten days to submit her/his defence and request probationary actions (e.g., to inquire witnesses) she/he deems necessary.

Upon completion of the procedure, the employer will receive the report of the inquirer describing the evidence gathered and suggesting the dismissal or another disciplinary sanction, if any. The employer has 30 days to issue a final decision of dismissal, which must be notified to the employee. The employee may challenge the dismissal decision within 60 days and request suspension of the dismissal within five business days after receiving the dismissal decision.

The termination of the contract in any of the mentioned conditions must comply with the required legal formalities to be effective.

The employees dismissed with just cause are not entitled to receive any severance compensation.

## 10.10. GARDEN LEAVE

In cases of resignation or when a prior notice for dismissal (e.g., collective dismissal) has been issued, employers are not allowed to compel the employee to stop performing their work duties until the notice period is completed. In such circumstances, the most suitable course of action for the employer is to direct the employee to utilise any remaining holiday leave.

## 10.11. SEVERANCE PAY

Employees dismissed for reasons other than a breach of contract are entitled to receive a severance pay. The amount of this compensation depends on the type of contract, whether permanent or term (fixed or unfixed), and the date the employment started.

The legal framework for severance pay is outlined in the Portuguese Labour Code, as well as by Law 69/2013 of 30 August 2013, establishing the latter special severance rules, calculation methods, and limits for employment contracts entered into before and after 1 November 2011.

Under the current severance pay rules, employees with longer tenures are entitled to higher severance payments compared to those with shorter tenures. Due to the complexity of the severance pay rules that set variable amounts determined by specific employment dates, contract duration, base salary, and seniority, the exact amount of compensation must be determined on case-by-case basis.

In general, the severance payment for dismissed employees under permanent employment contracts entered into on or after 1 May 2023, is equal to 14 days of the base salary plus a seniority allowance for each year of service with proportional adjustments for incomplete years (calculated in months).

The calculation of the severance compensation is subject to the following limits:

- the amount of the monthly base salary and seniority payments of the employee to be considered for compensation calculation cannot exceed 20 times the minimum monthly wage (now €870,00 in Portugal mainland, and €915,00 and €913,50 in Autonomous regions of Madeira and the Azores respectively); and
- the total compensation amount cannot exceed 12 times the employee's monthly base salary and seniority payments, or, when the limit referred above is applicable, 240 times the guaranteed minimum monthly salary.

The daily value of the base salary and seniority payments is calculated by dividing the monthly amounts by 30. For fractions of a year of service, the compensation is calculated proportionally.

The severance compensation for the expiry of term employment contracts (not applicable if the employment is terminated by the employee in case of fixed-term contract) or for the termination of a term employment contract based on objective

grounds (such as collective dismissal or redundancy) is, as of 1 May 2023, equivalent to 24 days of base salary and seniority pay for each complete year of service. The method for calculating this severance is subject to the rules outlined above.

# II. UNEMPLOYMENT BENEFITS

The termination of employment contracts by the employer (collective dismissal, redundancy, ineptitude or expiration) entitles the employee to receive unemployment benefits from the Social Security, which do not entail any costs to the employer.

In case of termination by mutual agreement, the employment benefits may be granted to the employee, without any additional costs to the employer, if the following requirements are met:

- the termination of the employment contract is justified by reasons that would allow the termination under a collective dismissal procedure or dismissal due to job extinction; and
- no more than three employees or 25% of the company's workforce (for companies with up to 250 employees) and no more than 62 employees if the company has more than 250 employees. In companies with more than 250 employees, when 62 employment contracts are terminated, or up to 20% of the workforce, with a maximum limit of 80 employees in each three-year period.

The established limits are determined based on the last three years, starting from the date of contract termination (inclusive), and by the number of employees in the company during the month preceding the start of the three-year period, applying the most favourable criterion.

If those requirements are not met, the employer will be obligated to reimburse the Social Security for all the amounts paid to the employee as unemployment benefits, but the employee will not lose the right to the employment benefits that she/he received.

To access unemployment benefits, the employee must:

- reside in Portugal;
- have had her/his employment terminated;

- be unintentionally unemployed;
- not be employed. If the employee works part-time or as an independent worker, the employee is entitled to partial unemployment benefits when the remuneration for such work is less than the unemployment benefit;
- be registered in the Employment Service;
- have applied for the unemployment benefit within 90 consecutive days from the date of the termination of the employment; and
- have paid the social security contributions during the time required by law.



# I. MARKET OVERVIEW

The Portuguese real estate market continues to attract many local and international investors, as well as foreign nationals who wish to move to Portugal.

According to the National Institute of Statistics, INE, Portugal's statistical authority, the median price of family dwellings in Portugal reached €1,870 per square meter in the fourth quarter of 2024, in a total of 44,115 transactions. This reflects a significant year-on-year increase of 15.5% compared to the fourth quarter of 2023, up from a 10.8% rise in the previous quarter (based on preliminary data from INE). Additionally, the number of family dwelling sales surged by 34.2% over the same period in 2023. <sup>11</sup>

The average price per square meter in the metropolitan area of Porto was, in October of 2024, at €2,789, while prices in the Lisbon area were set even higher, at €4,152.

Lisbon remains one of Western Europe's more affordable capitals for housing, despite a steady rise in property values.

The average price in central Lisbon ranges between €6,000 and €7,000 per square meter, with prime properties reaching €10,000. While this figure reflects a premium segment of the market, it is still lower than comparable properties in cities like Amsterdam, Madrid and Barcelona.

Nationwide, Portugal's housing market has shown robust growth, fuelled by increased foreign investment and a thriving tourism sector.

Portugal's real estate investment market in 2024 and 2025 shows robust growth in the hotel and retail sectors and a renewed momentum in office and logistics fuelled by

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<sup>11</sup> [INE: House prices accelerate in 19 of the 24 most populous municipalities - 4th Quarter 2024](#)

economic growth, falling interest rates, and a market-wide focus on sustainability and prime asset quality, leading to increased number of transactions and higher values.

According to CBRE, overall investment volume is projected to reach €2.5 billion in 2025, an 8% year-on-year increase. <sup>12</sup>

Lisbon continues to dominate investment flows, capturing 54% of volumes, followed by Porto at 7%.

The hotel and retail sectors will continue to attract the largest capital flows, with office and logistics also seeing upward trend due to occupational demand and modernisation pressures.

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<sup>12</sup> [CBRE Portugal Real Estate Market Outlook 2025](#)

# 2. PROPERTY RIGHTS

## 2.1. THE PROPERTY MARKET

Like in other civil law countries, there are two types of property rights under Portuguese law:

- rights *in rem* (*direitos reais*) which can be enforced against any third party or entity; and
- rights *in personam* (*direitos pessoais*) which can only be enforced against the person (individual or legal entity) with whom a contract obligation exists.

Rights *in rem*, as defined in the Portuguese Civil Code and other relevant legislation, are limited to those explicitly recognised by law and include property and property-like interests. Rights *in rem* must be created, mortgaged, or transferred through a deed executed before a Portuguese notary or attorney and must be registered with the land register.

In contrast, rights *in personam*, such as lease agreements and other usage rights, generally do not require registration with the land register, although certain leases can be registered, e.g. leases exceeding a duration of 6 years. As a rule, these rights can be created or transferred via contract.

Public records of properties, including registrations of acquisitions, mortgages, and other liens or encumbrances on immovable assets, including registered leases, are accessible online, and such registrations can be filed digitally.

## 2.2. THE RENTING MARKET

Portugal's housing prices continue to rise strongly during improved economic conditions.

Rental properties are advertised on many websites specialising in real estate. In addition, ads can be found in local newspapers or magazines, some in English. Real estate agencies all over the country also offer short and long-term rentals.

Local Lodging, promoted through platforms like Airbnb, has become an increasingly popular trend in Portugal.

Before 2024, Local Lodging operators were subject to an extraordinary contribution (a special tax) that imposed a significant financial burden on hosts. Additionally, municipalities had limited power to control where and how Local Lodging could grow.

In 2024, the legal framework for Local Lodging was revised to address these issues. The extraordinary contribution (special tax) was revoked, and municipalities were given greater decision-making power to better manage Local Lodging locally.

Municipalities can now designate containment areas where new Local Lodging registrations are restricted and set specific conditions and limits for new registrations. Although national restrictions on transferring Local Lodging registrations were lifted, some municipalities may still impose transfer limits on certain registrations.

Furthermore, approval from the condominium owners' assembly (*assembleia de condóminos*) is only required for installing hostels within individual units, simplifying regulations for most Local Lodging operations.

# 3. LEGAL FRAMEWORK

## 3.1. RIGHTS IN REM

The most important forms of property interests in Portugal are:

- **Freehold (*direito de propriedade*)**. Freehold gives the owner the right to use, exploit and dispose of a certain immovable asset. These rights include the right to build on a property subject to the applicable licensing requirements and planning restrictions.
- **Joint ownership (*compropriedade*)**. It is possible for more than one person to own a property, where each owns an intangible share of the property. Each co-owner can dispose of her/his share of the property without the consent of the other co-owner(s), who have right of preferred acquisition.
- **Commonhold ownership (*propriedade horizontal*)**. Portuguese law allows buildings or building developments to be divided into units (*frações*) where each unit, which may be a store, an apartment or an office, is owned by a single owner and the common areas of the building, including the staircases, outside area, roof, etc., are co-owned by the owners of the building's units. The owners together constitute the community of owners of the commonly owned property. Each owner may freely dispose of or encumber her/his unit of the building, including her/his share in the common areas, but the latter cannot be disposed of or encumbered separately.
- **Building rights (*direito de superfície*)**. Building rights give their holders the right to construct and maintain a building or plantation on a property. The building right may be temporary or permanent.
- **Usufruct (*direito de usufruto*)**. Usufruct rights give their holder the right to use and collect the fruits (*frutos*) of the property, which include rents, crops and other periodic revenues that may be generated by the property.

No property rights or similar rights can be created by contract other than in the manner specified in the law.

## 3.2. LEASE RIGHTS

The following are the most commonly used rights *in personam* in Portugal in modern legal practice:

- **Lease rights.** Under a lease agreement, the lessor grants the tenant the temporary right to use the leased asset. The tenant is obligated to return the asset upon the expiration of the lease term.
- **Financial lease rights.** Under a financial lease agreement, a bank or leasing company purchases the property selected by the tenant. The tenant is granted the right to use the property or building in exchange for rent payments, with the additional option to acquire the leased asset at the end of the agreement term.

### 3.2.1. LEASE AGREEMENT

Portuguese law allows the parties to stipulate the main terms and conditions of leases, such as the rent, rent review conditions, cost allocation, duration, renewal conditions, termination (with certain restrictions), etc.

The parties may stipulate a fixed term for contracts, which will be automatically renewed if none of the parties opposes the renewal of the lease. The maximum term of leases is thirty years. There is no statutory term, and the parties can specify the applicable term. In the absence of a contractual term, the implied statutory term is five years. Typically, leases for office space and stores have a duration of five to ten years.

Whether long or short-term, a written lease agreement is required in order to rent a property in Portugal.

The amount of the rent can usually be freely agreed upon between the parties, with the exception of low-cost housing. The rent is usually payable monthly, but different payment terms may be agreed upon. Rent-free periods are common in store, office and factory leases. In most contracts, rents are updated annually in accordance with the consumer price index (excluding housing) published by the National Statistics Institute, INE, but the parties may agree on other criteria for reviewing rents.

Rental costs depend on region and particular neighbourhood and may vary according to the number of bedrooms, standards of a property, and the facilities provided.

Only premises licensed by the relevant municipality may be leased. The purpose of the lease must be in accordance with the relevant use permit.

The transfer of the lessee's position as part of the transfer of a business establishment (*traspasse*) does not require the property owner's consent.

The statutory provisions governing the termination of lease agreements for default are imperative.

Tenants have a preference right in case of sale of the property after the second year of the lease agreement.

Eviction of defaulting tenants is enforced through a special eviction procedure (*procedimento especial de despejo*), which is carried out through the National Lease Office (*Balcão Nacional do Arrendamento*).

Leases of stores in shopping centres, retail parks and other similar developments where the owner or manager also provides certain management and operation services to the lessee are not subject to the statutory rules on leases, allowing the parties to freely determine the terms and conditions of the lease, subject only to general contract law rules and principles.

Typically, the main rules on the operation of the development are set out in a regulation approved by the development owner or manager. Rent-free periods, stepped-up rents and rents with variable components are common in shopping centre leases.

The costs of utilities, services, maintenance and improvement works are normally borne by the lessee in the form of common service charges, which include management fees, other common areas-related services and, sometimes, marketing costs.

Service charges are based on the area of the shops leased to each of the tenants in proportion to the overall area of the development.

Although parties are free to agree to the terms and conditions of the lease, it is common for agreements to be set out in standard contracts that are not subject to negotiation.

# 4. ACQUISITION OF PROPERTY

## 4.1. FORMALITIES

To purchase a property, it is advisable to verify both the legal status and the actual condition of the property. This requires reviewing the documents that identify the property and confirming the legitimacy of the seller.

## 4.2. LAND REGISTRY CERTIFICATE

The land registry certificate can be requested either in hard copy or in digital format online. It provides information on the composition of the property, the legitimacy of the seller, and any encumbrances that may affect the property, such as mortgages or collateral.

## 4.3. TITLE CERTIFICATE

The property title certificate may be requested from any tax office (*repartição de finanças*) and contains information about the property's tax situation.

## 4.4. USAGE LICENCE

It certifies the authorised use of the property and may be requested in the City Hall of the district where the property is located.

#### 4.5. PROPERTY TECHNICAL DATASHEET

This document contains information about technical and functional features of a property and may be requested in the City Hall of the district where the property is located.

#### 4.6. PROMISSORY AGREEMENT OF SALE AND PURCHASE

In most cases, the process of buying a property begins with the execution of a promissory sale and purchase agreement. While not mandatory, these agreements are crucial to ensure the sale is completed when the seller cannot deliver the property immediately; for instance the building's construction or renovation has not been completed at the time, the lack of registration of ownership or building and other administrative permits, the property being used by the seller or a tenant, or the buyer not yet having obtained financing.

Once the promissory agreement is executed, typically the buyer makes a down payment to the seller of 10 to 20% of the sale price.

Promissory agreements may also give priority over third parties' rights when registered with the Land Registry Office. This ensures that the property cannot be sold to another person. The registration is valid for six months and can be renewed for equal periods, or until one year after the date set by the parties for the execution of the deed of sale and purchase.

#### 4.7. DEED OF SALE AND PURCHASE

The purchase of property must be made through a deed of sale and purchase executed before a notary (*escritura pública*) or an attorney.

The acquisition of property is subject to municipal property transfer tax and stamp duty, which must be paid in advance of the execution of the public deed of purchase, and, when applicable, notary's fees.

Once the sale and purchase deed has been registered, the provisional registration with Land Registry Office, in case it was made after the execution of the promissory agreement, will become definitive. When the promissory sale and purchase agreement

has not been registered, the purchaser should register the deed of sale and purchase as soon as possible after execution.

Registrations with Land Registry Office can be carried out online through the website <https://www.predialonline.pt/PredialOnline/>.

# 5. STRUCTURING THE ACQUISITION

## 5.1. OVERVIEW

Investments in property in Portugal may be carried under any of the following structures:

- direct ownership by the investors; and
- indirect ownership by way of the incorporation of a Portuguese or foreign special purpose vehicle ("SPV").

Portuguese SPVs may take one of the following forms:

- a commercial company; and
- a real estate investment undertaking.

## 5.2. PORTUGUESE COMMERCIAL COMPANIES

Commercial companies, such as quota companies and joint stock companies, are generally suitable for real estate investment.

Historically, joint stock companies were the preferred choice due to tax benefits, as the transfer of their shares did not trigger municipal property transfer tax. However, following amendments to the relevant legislation, public and quota companies are now treated equally, eliminating any tax advantage for joint stock companies.

Nevertheless, for companies with multiple investors, a public limited liability company may still offer corporate advantages. Notably, the transfer of shares is straightforward and does not require registration at the Commercial Registry Office.

### 5.3. REAL ESTATE INVESTMENT UNDERTAKINGS

The incorporation of collective investment undertakings is increasingly common in Portugal, driven by recent legislative changes. These entities are governed by the provisions of Decree-Law No. 27/2023, dated 28 April 2023.

Collective investment undertakings are classified into two categories:

- Undertakings for Collective Investment in Transferable Securities ("UCITS"); and
- Alternative Investment Undertakings ("AIU"), which include Real Estate AIUs.

Real Estate AIUs can take the form of either:

- an Alternative Investment Fund ("AIF"); or
- an Alternative Investment Company ("AIC").

These entities may be structured as open-ended, closed-ended, or mixed, depending on whether the participation units or shares issued are variable or fixed in number.

Real Estate AIUs are permitted to acquire property rights over immovable assets for purposes such as leasing, resale, or other economic activities. They may also hold shares in real estate companies, subject to specific legal restrictions.

The incorporation of a Real Estate AIU requires authorisation from the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*, "CMVM"). However, in cases of private subscription, a prior notification may suffice, provided that, for an AIC, it is managed by an authorised management company.

In recent years, there has been a significant increase in the number of AICs investing in real estate in Portugal.

AICs are subject to the following rules:

- **Legal Form.** AICs must be incorporated as a public limited liability company.
- **Management.** AICs may be either self-managed or managed by an authorised management company.
- **Minimum Capitalisation Requirements.** If management is not delegated to a management company, the AIC must comply with specific managing and minimum

capitalisation requirements. AICs must be established with a minimum share capital of €50,000 if managed by a management company, or €300,000 if self-managed. The share capital must be represented by nominative shares.

- **Main Centre of Business.** AICs registered in Portugal must have its head office located in Portugal and be managed from within the country.

Open-ended Real Estate AIUs are generally subject to corporate income tax, but some specific income streams, such as rental income, real estate capital gains, capital income, and dividends, are exempt from taxation.

Additionally, open-ended Real Estate AIUs benefit from an exemption on municipal property transfer tax.

Real Estate AIUs are liable for stamp duty on their net asset value at a rate of 0.0125%.

Income distributed to investors is taxed as follows:

- Resident individuals are taxed at a rate of 28%.
- Resident companies are subject to corporate income tax at the applicable rates.
- Non-resident investors (both individuals and companies without a permanent establishment in Portugal) are generally subject to a withholding tax at a rate of 10%.



# I. REGULATORY FRAMEWORK

## I.1. AUTHOR RIGHTS CODE AND INDUSTRIAL PROPERTY CODE

The two main pieces of legislation governing intellectual property in Portugal are the Portuguese Author Rights Code (*Código do Direito de Autor e dos Direitos Conexos*, "CDADC"), which regulates the attribution and protection of authors' copyright and personal rights and other non-copyrightable works, and the Industrial Property Code (*Código da Propriedade Industrial*, "CPI"), which governs industrial property rights, encompassing trademarks, patents and designs.

Portuguese intellectual property legislation follows European directives and regulations. Portuguese IP laws offer the same level of protection as other EU countries.

## I.2. RECENT LEGISLATIVE REFORMS

Recent legislative reforms include amendments to the Author Rights Code by Decree-Law No 47/2023, which transposed Directive (EU) 2019/790, known as the Digital Single Market ("DSM") Directive, and the entry into force on 17 February 2024 of the EU Digital Services Act ("DSA").

Following the amendments introduced by Decree-Law 47/2023, the Author Rights Code now grants press publishers exclusive online rights in Portugal, enforceable against digital intermediaries and makes digital platforms directly responsible for copyrighted content posted by users, requiring them to secure licences with copyright holders before hosting or sharing the content. The new legislation also grants authors the right to claim an increase in the agreed remuneration when it proves to be disproportionately low compared to the revenues that were subsequently generated by the exploitation of their works.

In turn, the DSA will impact streaming platforms and social media businesses that offer their services to recipients located in the EU, including Portugal. Businesses operating outside of the EU may be impacted. As an EU regulation, the DSA is directly applicable in Portugal without needing national implementation.

The DSA defines "online platform" as "a hosting service that, at the request of a recipient of the service, stores and disseminates information to the public", excluding the cases where the activities or functionalities of the service are minor and purely ancillary and inseparable from the primary service.<sup>13</sup>

Social media services like Instagram, YouTube, Facebook and LinkedIn, as well as streaming services like Spotify or Netflix, fall under the DSA definition of online platform, although its application to streaming services is very limited because they do not distribute content that they do not know before publishing it. Online publishers and media companies also fall under the definition, although some may benefit from the exception, and, like with streaming services, its practical impact will be very limited.

Under the DSA, digital services platforms will be required to, among other things:

- adopt transparent moderation policies;
- establish reporting and reaction mechanisms for user complaints, including appeal processes; and
- publish annual reports detailing their content moderation activities, including automated moderation processes using non-human mechanisms such as AI.

While the DSA imposes a general duty to react when it receives a complaint, it expressly prohibits general monitoring or surveillance of content and users.

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<sup>13</sup> The DSA also applies to the following services: I) "mere conduit service, consisting of the transmission in a communication network of information provided by a recipient of the service, or the provision of access to a communication network"; and II) "caching' service, consisting of the transmission in a communication network of information provided by a recipient of the service, involving the automatic, intermediate and temporary storage of that information, performed for the sole purpose of making more efficient the information's onward transmission to other recipients upon their request".

The type and level of compliance measures, including risk mitigation and algorithmic moderation, depend on the platforms' scale and risk profile, as well as their technical capabilities.

Platforms that fail to act in a timely manner or adequately on reported illegal content may face civil, criminal, or administrative liability, including significant financial penalties. When taking down content or imposing restrictions on accounts, platforms must provide clear reasons for such decisions. Very large platforms (e.g. YouTube, Instagram, TikTok) and very large online search engines (e.g. Google Search, Bing) have more stringent obligations regarding the management and mitigation of systemic risks as well as reporting and data sharing requirements.

The Portuguese Government, through Decree-Law 20-B/2024 of 16 February 2024, designated the National Communications Regulator (*Autoridade Nacional de Comunicações*, "ANACOM"), the national communications regulator, as the national Digital Services Coordinator. The Media Regulatory Authority, (*Entidade Reguladora para a Comunicação Social*, "ERC"), and the General Inspection of Cultural Activities (*Inspecção-Geral das Atividades Culturais*, "IGAC") were designated as the national competent authorities for matters related to social media and other media content and matters concerning copyright and related rights respectively.

### 1.3. INTERNATIONAL CONVENTIONS

IP rights are also protected by international treaties to which Portugal is a party. Portugal is a member of the World Intellectual Property Organisation ("WIPO") since 1975 and a signatory to several key international agreements that provide broader, cross-border protection of intellectual property rights and industrial property rights, including, among others:

- Berne Convention for the Protection of Literary and Artistic Works (1886);
- Universal Copyright Convention ("UCC, 1952");
- WIPO Copyright Treaty ("WCT, 1996");
- WIPO Performances and Phonograms Treaty ("WPPT, 1996");
- Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS, 1994");

- Madrid Agreement Concerning the International Registration of Marks (1891); Madrid Protocol (1989) ("Madrid System");
- International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations ("Rome Convention, 1961");
- Convention for the Protection of Producers of Phonograms Against Unauthorised Duplication of Their Phonograms ("Geneva, 1971");
- European Patent Convention ("EPC, 1973");
- Patent Cooperation Treaty ("PCT, 1970");
- Paris Convention for the Protection of Industrial Property (1883);
- Budapest Treaty (1977) on the recognition of the deposit of microorganisms for patent purposes;
- Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (1957);
- Locarno Agreement Establishing an International Classification for Industrial Designs (1968);
- Strasbourg Agreement Concerning the International Patent Classification (1971);
- Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (1958); and
- International Convention for the Protection of New Varieties of Plants ("UPOV Convention"), 1961, as revised.

# 2. INTELLECTUAL PROPERTY

## 2.1. AUTHORS' ECONOMIC AND PERSONAL RIGHTS

### 2.1.1. ECONOMIC RIGHTS

Portuguese law grants the author an exclusive economic right to commercially exploit the intellectual works she or he has created or to which the author is entitled by law. Commercial exploitation includes the right to make copies and disseminate the work, as well as the right to license or sell such rights to another person.

As a rule, copyright over intellectual works belongs to their authors, although its economic component may be assigned to the employer or the person that commissioned the work. In the case of collective works, ownership belongs to the company, individual, or legal person responsible for organising and directing the creation of the work and on whose name the work was disclosed.

The copyright owner may give a third party the right to disclose, publish, or otherwise use the work in the ways specifically authorised, covering one or more of the economic rights.

When granting a licence to use a work, the specific rights being granted must be specified. In the absence of an express reference of specific rights, only those necessary to fulfil the purpose of the authorisation are considered licensed.

Economic rights under copyright may be transferred or encumbered. If no duration is specified, such transfers or encumbrances are presumed to last a maximum of twenty-five years (ten years for photographic works). Works may be encumbered through usufruct, temporary grants of economic rights, or by pledging the copyright.

### **2.1.2. PERSONAL RIGHTS**

Like other civil law countries, Portuguese law grants the author the so-called "moral" or "personal" rights in respect of the works they create, which include the recognition of "authorship" and the protection of the work's authenticity and integrity.

The author's personal rights include:

- the right to be identified and recognised as the creator and to preserve the work as originally expressed. The author may accept or reject proposed changes and make any modifications they considered appropriate, exercising the rights of attribution, recognition of authorship, protection of integrity, modification, and access to a copy;
- the right to decide if, when, and how the work is disclosed to the public; and
- the right to withdraw the work from circulation for compelling personal reasons, in which case the author must indemnify the affected parties.

Personal rights are untransferable and unassignable, even with the author's consent, and cannot be waived or extinguished by the passage of time.

## **2.2. DURATION OF COPYRIGHT**

Copyright lasts 70 years after the author's death, even if the original work was published or came out after the author's death. When the copyright's term expires, the work enters the public domain and can be used freely. Falling in the public domain does not affect the moral rights, which are protected indefinitely.

## **2.3. PROTECTED WORKS**

### **2.3.1. LITERARY, ARTISTIC AND SCIENTIFIC WORKS**

The Author Rights Code protect the intellectual creations in the literary, scientific, and artistic domains, irrespective of their genre, form of expression, merit, mode of communication, or purpose, naming among others:

- books, pamphlets, journals, newspapers, and other writings;
- lectures, lessons, addresses, and sermons;

- plays and musical plays works, including their performance;
- choreographic works and pantomimes, expressed in writing or by any other means;
- musical compositions, with or without words;
- cinematographic, television, phonographic, videographic, and radio works;
- works of drawing, tapestry, painting, sculpture, ceramics, tile, engraving, lithography, and architecture;
- photographic works or works produced by any process analogous to photography;
- works of applied arts, industrial designs or models, and design works that constitute artistic creation, regardless of protection under industrial property law;
- illustrations and maps;
- projects, sketches, and plastic works relating to architecture, urban planning, geography, or other sciences; and
- slogans or mottos, even if of an advertising nature, provided they are original.

Copyright protects the expression of ideas, but not the ideas themselves. Therefore, while the specific expression of an idea is protected, the underlying idea, method, or system is not.

### **2.3.2. SOFTWARE**

The Portuguese Software Law enacted by Decree-Law 252/94 of 20 October 1994, which transposed Directive 91/250/EEC, establishes the rules applicable to the legal protection of software (computer programs).

Computer programs benefit from copyright protection when they integrate and combine the programming language, the program's potential functionalities and its unique code in a way that demonstrates creative expression.

To be protected, computer programs must be original and not copied from another program. Software is protected as literary works; software owners have the right to use, reproduce and distribute it by any means and in any form, to dispose of it (including licensing or granting rights of use), and modify it in any manner.

Copyright protection extends only to the expression of the software, including the source and object code, but excludes protection for the underlying ideas, principles, algorithms, or programming methods. Original algorithms part of a computer-implemented invention that has a technical character can be patented if they meet the patentability requirements set out in the Industrial Property Code, *i.e.* novelty, inventive nature and industrial applicability.

The owner of the software may put into circulation originals or copies of the computer program and has the right to lease the copies. The copyright owner can also register the program at the literary property register.

Software developed by a company is presumed to be a collective work owned by the employer when created by an employee in the performance of her/his duties or under the employer's instructions, unless the parties expressly agree otherwise.

Persons authorised to use a copy of the software may utilise the program for any purpose of their choosing, including to create a backup copy or studying and testing the program's functioning, but may not use it to infringe the software owner's rights, such as reverse engineer it or make and distribute copies.

The licensee or another person with the right to use the program or acting on behalf of a person authorised to do so can decompile parts of a program to ensure the interoperability of that software with other programs.

The unauthorised economic exploitation of software by an individual or legal person might be considered a violation of the Software Law and is considered a criminal offence under the Cybercrime Law approved by Law 109/2009, of 15 September 2009, which follows closely the European Convention on Cybercrime of 2001.

### **2.3.3. DATABASES**

Databases are protected as copyright when they are considered intellectual creations as defined in Decree-Law 122/2000 of 4 July 2000, which implemented Directive 96/9/EC on the legal protection of databases. This includes cases where the selection or arrangement of the contents reflects the author's own intellectual creation, that is, where there is originality in the way the data are chosen or organised.

When a database is not protected by copyrights, its owner benefits from special protection when there has been a substantial investment in obtaining, verifying or

presenting the database contents. The exclusivity lasts for 15 years, starting from the end of the calendar year in which the database was created.

## 2.4. COLLECTIVE MANAGEMENT ORGANISATIONS

Copyright owners may delegate the management of their works to a share-based collective management organisation, such as the Portuguese Authors' Association (*Sociedade Portuguesa de Autores*) or the Portuguese Software Producers' Association (*Associação Portuguesa de Software*, "ASSOFT").

The authority of these organisations to represent rights holders derives automatically from an individual's status as a member, adherent, or beneficiary of the services provided by the organisation, whose corporate purpose is the management of the economic rights entrusted to them.

## 2.5. REGISTRATION WITH IGAC

Copyright protection is acquired automatically immediately after the work completion, without requiring registration, deposit, or any other formalities.

However, it is possible to register at IGAC to prove the authorship of the work. Registration provides an additional layer of protection by granting a presumption of ownership over the work.

Registration may be carried out by authors of literary, scientific, or artistic works, such as books, paintings, sculptures, or musical compositions. It can also be performed by holders of related rights, including record labels or the heirs of authors.

To register literary, scientific and artistic works, IGAC requires specific documentation. While the exact requirements may vary depending on the type of work, all applications must include the following documents:

- completed registration form: including details such as the author's name, the title of the work, and its type;
- copy of the work: a physical or digital copy of the work to be registered; and
- proof of payment: a receipt or evidence of the registration fee payment.

Additional documentation is required depending on the type of work. For example, for computer programs, the following information must be provided:

- brief description of the program;
- programming language used;
- operation system compatibility;
- complete source code presented as a sample of the work;
- executable file of the program; and
- list of files and flowchart.

IGAC communicates its decision regarding the registration within 10 business days from the date the application is received.

The registration of literary and artistic works with IGAC requires a fee, which varies depending on the method of submission, €60 for online registration and €80 for in-person or postal registration.

<b>Registration</b>	<b>Fee (Online)</b>	<b>Fee (In-Person/Postal)</b>
Amendment of works (content)	€60	€80
Recording acts and rights on the registration (including title)	€30	€30
Registration of transfer of rights	€30	€30
Registration of a literary or artistic pseudonym	€30	€40

# 3. INDUSTRIAL PROPERTY

## 3.1. PATENTS AND UTILITY MODELS

### 3.1.1. SCOPE

Patents ensure exclusive use and the right to prevent others from manufacturing, offering or storing an invention that has industrial use without the owner's consent, even if the invention is applied to a product consisting of or containing biological material or to a process that creates, treats or uses biological material. Inventions may include products, processes and new processes for obtaining already known products and substances.

The invention must be a novelty, destined for industrial use and cannot be obvious to a person with average knowledge in the technical field in question.

Discoveries, scientific theories and mathematical methods, materials or substances existing in nature, nuclear materials, aesthetic creations, schemes, rules and methods for intellectual pursuits, games or businesses, and information presentations are not patentable.

Inventions contrary to law, public policy, public health and best practices cannot be patented.

The duration of patents is 20 years following the application date subject to the payment of annual renewal fees. The patent validity can be shortened if the annual fees are not paid. For pharmaceutical and plant protection products, it is possible to apply for a supplementary protection certificate, which extends the patent protection for up to five years.

The patentholder must exploit the patented invention. The exploitation has to begin within four years, counting from the application date or three years, counting from the date of the patent grant, whichever is longer. Patents may be licensed or sold.

Portuguese patents must be registered at the National Institute of Industrial Property (*Instituto Nacional da Propriedade Industrial*, "INPI").

European patents, which are valid in the European Patent Convention contracting States, must be registered at the European Patent Office or at INPI. Patents last for 20 years. European patents are valid in the 26 European Union countries (except for Spain and Croatia) without the need for national verification and the payment of any fees in the contracting countries. The European Patent Office is responsible for granting European patents. The application must be in one of its official languages: English, French or German.

The World Intellectual Property Organisation is responsible for granting and protecting international patents in more than 150 countries. The applicant must be a national or resident of a Patent Cooperation Treaty contracting State. National laws govern the registration process in each country.

Utility models are product or procedure inventions with industrial applicability and cannot cover biological materials. Utility models have a simplified approval procedure and are subject to examination by INPI, the entity responsible for granting and registering industrial property rights in Portugal.

Utility models are subject to the same object constraints as patents. Utility model rights last six years from the application date. The protection period can be extended for a maximum of 10 years from the day of application.

### **3.1.2. REGISTRATION**

Patents and utility models must be registered with INPI, which is responsible for granting and managing these rights.

The application must include the following documents:

- claims defining what is considered new and inventive and characterising the invention;
- a detailed description of the invention;
- any drawings necessary for a complete understanding of the description (when applicable);
- an abstract of the invention;

- an illustration of the invention for publication in the industrial property bulletin if necessary for understanding the abstract; and
- a title for the invention.

Portuguese law allows the filing of a provisional patent application with a simple description of the invention (*pedido provisório de patente*), without the full documentation required for a standard application. The provisional application can be in English or Portuguese and does not require claims. It secures an early filing date and establishes priority. The provisional patent application must be converted into a definitive patent application, adding formal documentation (submitted in Portuguese) and paying the full application fee within 12 months from the submission of the provisional application. No new subject matter may be added in the definitive application; if a new matter is introduced, the conversion of the provisional application will not be accepted. When a new matter is added, the filing date will commence on the date of the change to the original application. Such new patent application cannot claim priority from the previous provisional patent application.

INPI will issue a search report within 10 months from receiving the provisional application. Based on this report, the applicant will be able to better assess the likelihood of success of the application, adjust the wording of claims or decide to make a new application that does not conflict with an existing patent or prior application. It is possible to apply online for patents or provisional patents, as well as to register utility models at <https://inpi.justica.gov.pt/>.

<b>Application<sup>14</sup></b>	<b>Online Fee</b>	<b>Paper Fee</b>	<b>Annual Renewal</b>
Patent Application	€125.66	€251.32	-
Provisional Patent Application	€12.57	€25.14	-
Conversion of Provisional to Definitive Application	€87.98	€175.96	-
Patent Examination	€62.83	€125.66	-

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<sup>14</sup> <https://diariodarepublica.pt/dr/detalhe/deliberacao/429-2025-912256374>

Patent Annual Renewal Fees	-	-	€61.97 (5th year) to €867.41 (20th year)
Utility Model Application	€219.91	€439.82	-
Utility Model Examination	€94.26	€188.52	-
Utility Model Annual Renewal Fees	-	-	€31.65 (5th year) to €43.95 (10th year)

At the European level, patents are granted by the European Patent Office (EPO) under the European Patent Convention (EPC). A European patent has a maximum term of 20 years, subject to the payment of annual renewal fees. Applications may be filed in any language; however, if not filed in one of the EPO's official languages (English, French, or German) a translation into one of these languages must be submitted within two months of filing. After the grant, the patent must be validated in each designated Contracting State in accordance with that State's national requirements, which may include filing translations and paying national fees.

Internationally, patent applications may be filed under the Patent Cooperation Treaty (PCT, 1970), administered by the WIPO. This system allows applicants to seek protection in more than 150 countries through a single international application, but the final granting of the patent is always carried out by the national or regional offices of the countries concerned.

International and European patent fees vary depending on the method of submission, as follows:

<b>Application</b>	<b>Online Fee</b>	<b>Paper Fee</b>
Provisional Protection	€62.83	€125.66
National Validation	€62.83	€125.66

## 3.2. DESIGNS

### 3.2.1. SCOPE

Owners of designs of the product's shape, lines, contour, colours, textures or materials have the exclusive right to use it and to prevent its use by unauthorised third parties.

To be protected, designs do not need to be entirely a novelty but must include at least a new feature or layout of already used elements but presented differently. Rights over registered designs last five years following the application date and can be renewed for consecutive equal periods of time up to a maximum of 25 years. When registered, the design is protected by copyrights since its creation date.

Unregistered Community designs are automatically protected for three years from the date of their first disclosure in the EU. This protection allows the owner to prevent unauthorised commercial use by third parties.

### 3.2.2. REGISTRATION

Design applications must be filed with INPI. The application must include, among others:

- indication of the products in which the design is to be applied or incorporated, using the international classification of industrial designs;
- priority details, if priority is claimed (country, date, and number of the first application);
- graphic or photographic representations of the design; and
- optionally, a short description (maximum 50 words per product) referring only to the elements shown in the representations or sample.

However, once registered, a design cannot be modified, even by its owner. Only non-essential modifications (such as scaling, enlarging or reducing the design) are permitted within a registration. Modifications to the essential characteristics of a design (such as changed lines, shapes, or ornamentation) that are new and unique, require registration as a new design.

Designs may also be registered at the European Union Intellectual Property Office ("EUIPO"), where a single application provides protection across all EU Member States.

At the international level, registration through WIPO provides acknowledgement of intellectual property rights in several countries, depending on the specific system used. The Patent Cooperation Treaty ("PCT") has 158 Contracting States, while the Hague System for industrial designs covers about 96 countries. Applicants must be nationals, residents, or have a real and effective industrial or commercial establishment in a country that is a Contracting Party to the system in question. Recognition and enforcement of rights always depend on the laws of each country where protection is sought.

The following table sets out the fees payable for each application and the name of the entity to which it must be submitted.

<b>Type of Application/Renewal</b>	<b>Entity</b>	<b>Fee (Online)</b>	<b>Fee (Paper)</b>
Design Application	INPI	€53.98	€107.96
Multiple Application (per additional design, same class)	INPI	€26.99	€53.98
Renewal (per five-year period)	INPI	From €53.98	From €107.96
Design Application (1st design)	EUIPO <sup>15</sup>	€350 per design	Not specified
Multiple Application (2nd design) <sup>16</sup>	EUIPO	€125 per design	Not specified

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<sup>15</sup> <https://www.euipo.europa.eu/en/designs/before-applying/fees-payments>

<sup>16</sup> <https://www.euipo.europa.eu/en/designs/before-applying/fees-payments>

## 3.3. TRADEMARKS

### 3.3.1. SCOPE

Trademarks are distinctive signs used in trade to identify products and services. They grant their holders an exclusive right of use for 10 years, renewable indefinitely for equal periods.

A trademark may consist of words, personal names, drawings, letters, numbers, sounds, the shape of a product or its packaging, or even advertising slogans. To be valid, trademarks must have a distinctive character and be represented clearly and precisely so that third parties can determine the scope of protection. Marks representing the usual name of a product or service or the ones that have descriptive elements are not accepted as trademarks.

An unregistered trademark has a limited priority right. Under article 213 CPI, a mark used for less than six months may be registered with priority over third parties, and its user may oppose identical or similar applications. After this period, prior use no longer gives automatic priority, but it may still be invoked to refuse or cancel a later registration if it constitutes unfair competition (Article 232(1)(h) CPI).

The scope of protection allows the owner of a registered trademark to prevent third parties from using identical or similar signs for identical or similar goods or services, where such use is likely to cause confusion or association.

For a trademark to be considered misused or imitated (Article 238 CPI), the following requirements must be met:

- **Priority.** The registered trademark must have priority over the infringing trademark. Priority is determined by the date on which the trademark was filed; hence, the trademark whose registration was filed first takes precedence.
- **Affinity between products and/or services.** Imitation or usurpation requires that both trademarks mark goods and/or services that are identical or similar. Affinity relates to the principle of speciality, expressing protection for the distinctive function of the trademark but only for the goods or services for which the trademark was actually registered. To verify the existence of affinity, it is important to consider whether we are dealing with relations of (i) competition, (ii) substitution, (iii) complementarity, (iv) accessoriness, and (v) derivation.

- **Error or confusion.** Trademarks must be similar in a way that misleads or confuses the consumer, who can distinguish them only after careful analysis or comparison or understand a risk of association.
- **Risk of confusion or association.** Confusion may occur directly when the consumer confuses two brands, thinking they are the same, or indirectly when the consumer considers one brand a modification of another. There is also confusion in a broad sense if the consumer believes that the companies owning the brands have some economic or organisational relationship. Confusion may also arise from the likelihood of association, where the consumer considers the sign and the trademark similar, recognising the trademark but not confusing them.
- **Graphic, phonetic, visual, and conceptual similarity.** Graphic similarity exists when the words are written identically or similarly. Phonetic similarity occurs when the sound resulting from reading the signs is identical or similar. Visual similarity exists when the appearance of the signs is identical or similar. Conceptual similarity arises when the signs express concepts or ideas that are identical or similar.
- **Easily mislead or confuse the consumer.** Portuguese law requires that the risk of confusion be significant, easily misleading or confusing the consumer. To assess this, one must consider the average consumer, i.e., the consumer without a high level of attention, and determine whether, in the specific case, that consumer would be in error or would become confused.

### 3.3.2. REGISTRATION

The trademark should be registered at INPI, and its protection is limited to the national territory. It is possible to register trademarks online at [inpi.justica.gov.pt](http://inpi.justica.gov.pt). The application must include, among others:

- a representation of the trademark, including words, figures, drawings, and colours (if colours are claimed);
- the list of goods and/or services, classified under the Nice Classification;
- if priority is claimed: the country, date, and number of the first application;
- if the mark includes another person's name or portrait, their authorisation; and

- if the mark contains symbols, coats of arms, emblems or distinctions of the State, municipalities, or other entities, their authorisation.

INPI can, on its own motion, refuse trademark registrations based on certain grounds for refusal outlined in the Industrial Property Code. These grounds include the reproduction of a trademark previously registered by someone else for identical goods or services (Articles 230, 231 e 232 CPI). However, there are grounds for refusal dependent on a prior complaint and cannot be identified ex officio by INPI.

A trademark application will also be refused if it is identical or similar to another previously well-known trademark in Portugal or the European Union, especially when it takes unfair advantage of the distinctive character or prestige of the other trademark, or if it could jeopardise that trademark, even if associated with different products or services.

The owner of a trademark right can also request the cancellation of a trademark registration within ten years from the date the registration was granted, through a reasoned request filed with INPI. There are no grounds for cancellation if the earlier trademark does not meet the condition of genuine use (Articles 4/5, 266 e 263 CPI).

It is important to consider the system of forbearance preclusion, which stipulates that if the owner of a registered trademark, aware of the fact, has tolerated the use of a later registered trademark for five consecutive years, they lose the right to request cancellation of the later trademark or to oppose its use (Article 261 CPI).

Beyond national registration, trademark protection may also be obtained at the European and international level. An EU trademark, registered with the EUIPO, covers all Member States of the European Union and may be applied for by any person or company worldwide.

To secure protection internationally, registration through the Madrid System (under WIPO) allows applicants to seek protection in more than 100 countries, although recognition and enforcement of rights remain subject to the national laws of each country.

Once the trademark products are made available in the European Economic Area by the owner or with its consent, the owner's rights are considered expired. The trademark holder cannot disallow its use on the products. Furthermore, the trademark has to be used for five consecutive years; if not, the registration expires.

The fees vary depending on the method of submission.

Type of Application	Authority	Online Fee	Paper/Post/Courier Fee
Trademark Application	INPI	€148.71	€297.42
Renewal	INPI	€148.71	€297.42
Trademark Application	EUIPO	€850.00	€1,000.00

### 3.4. TRADE SECRETS

Any confidential business information that provides a competitive advantage can be considered a trade secret.

Trade secrets can include know-how, technical knowledge (potentially patentable or not) or business and commercial data such as lists of customers, business plans and manufacturing processes.

Disclosure, acquisition or use of the competitor's trade secrets without its consent is considered illegal if the information: (i) is secret, meaning that it is not generally known or easily accessible, (ii) has commercial value because of its secrecy and (iii) has been subject to considerable diligence by the person responsible for the information control in order to keep it secret.

It is also unlawful to disclose or use a trade secret when the recipient of information knew or should have known when first hearing about it that such secret had been obtained directly or indirectly from another person who was using or disclosing it illegally.

It is lawful to access a trade secret when that results from an independent discovery, from an employee's rightful access to the information in accordance with accepted practices or the law. It is also legal to study, disassemble or test a product or object that has been made available to the public or when such access complies with honest commercial practices.

Whenever there is a breach or well-founded fear that others may cause serious damage to the trade secret, the court may, at the request of the interested party, order the appropriate precautionary measures.

In the event of a trade secret breach, the court decision can order the infringer to refrain from using or disclosing the trade secret and prohibit the infringer from producing, offering, placing on the market, importing, exporting or storing the product of such secret.

When unfair competition, abuse of rights and other legal rules protecting business secrets do not apply or do not offer sufficient protection, it is advisable to enter into a non-disclosure agreement before exchanging confidential and sensitive information to business partners, shareholders, employees, suppliers and customers.

Unlike for patents or trademarks, protection is not time limited. Furthermore, this protection does not involve any formalities with competent authorities, and there is no registration fee, which means that its effect is immediate.

# 4. ENFORCEMENT OF IP RIGHTS

## 4.1. OVERVIEW

The protection of IP rights in Portugal combines administrative, criminal, and civil enforcement mechanisms, which provide a wide range of complementary remedies to protect IP rights holders.

IP civil remedies aim to prevent or provide relief to the injured party against damages, through indemnification actions as well as injunctions, preservation of evidence measures, or the seizure and destruction of the infringing goods. Civil proceedings are generally brought before the Intellectual Property Court (*Tribunal da Propriedade Intelectual*), which holds specialised jurisdiction over IP related disputes.

Criminal liability rules aim to prevent and sanction the most serious violations of intellectual property rights and may only be applied by the criminal courts. Their role is mainly punitive, applying penalties such as imprisonment or fines, but also serve to prevent violation and reinforce rights holders' position by giving them a sanctioning framework that protects their interests.

The administrative protection measures offered to IP holders are primarily intended to prevent and sanction economic infringements and will apply in addition to or independently of civil and criminal remedies. In the field of industrial property, INPI is the authority responsible for enforcing administrative remedies, while IGAC is responsible in the field of author's and related rights.

In some cases, certain remedies overlap giving the injured party the option to choose one or seek protection from criminal, civil and administrative authorities and courts.

In addition, the Competition, Regulation and Supervision Court (*Tribunal da Concorrência, Regulação e Supervisão*) has jurisdiction over cases involving anti-competitive practices that result from the misuse of IP rights.

## 4.2. CIVIL REMEDIES

### 4.2.1. COPYRIGHT AND RELATED RIGHTS

Rights holders may initiate civil proceedings under the Author Rights Code (Articles 201-210J CDADC) seeking the following remedies:

- the cessation of unlawful use of an author's literary or artistic name or other identifying signs;
- damages as compensation for losses caused by any infringing conduct;
- an order to compel the infringer or third parties to produce evidence in their possession, including banking, financial, accounting, or commercial documents, provided the applicant presents prima facie evidence of copyright or related rights infringement;
- measures to preserve evidence in cases of infringement or imminent risk of serious harm, such as detailed descriptions, sample collection, or seizure of suspected infringing goods, materials, instruments, and related documents;
- an order to compel the alleged infringer or other parties in the commercial chain to provide detailed information on the origin and distribution networks of infringing goods or services, including details of producers, suppliers, quantities, and prices;
- seizure of the infringer's assets, including bank accounts, suspected infringing goods, and instruments used in the violation;
- destruction, withdrawal, or permanent removal from commercial channels of infringing goods and the instruments used in their production;
- an injunction to stop ongoing or imminent infringement, including orders directed at intermediaries.

The court's final ruling on the merits of the case may include precautionary measures to prevent the infringing party from engaging in actions that could violate the rights holder's interests (Article 210J CDADC). These measures may also apply to intermediaries and can include:

- a temporary ban on carrying out specific activities or professions;

- the denial of the right to sell or promote products in fairs or markets; and
- the temporary or permanent closure of the establishment.

#### **4.2.2. INDUSTRIAL PROPERTY**

Holders of industrial property rights have similar remedies as those granted to authors and copyright owners with the differences that arise from the different nature of the object of the protected rights set out in the Industrial Property Code (Articles 339 et seq. CPI), which include seeking:

- the declaration of nullity or annulment of industrial property rights, including patents, supplementary protection certificates, utility models, topographies of semiconductor products, designs, trademarks, logos, rewards, designations of origin, and geographical indications;
- a court order compelling the opposing party or third parties to produce evidence in their possession or control, such as banking, financial, accounting, or commercial documents, provided the applicant demonstrates sufficient indications of an industrial property infringement;
- urgent court measures to preserve evidence in cases of infringement or imminent risk of serious harm, including detailed descriptions, sampling, or seizure of suspected infringing goods, materials, instruments, and related documents;
- urgent interim measures from the court to prevent imminent infringement or to prohibit the continuation of an ongoing infringement, including against intermediaries whose services are used to infringe;
- urgent court measures to prevent imminent infringement or prohibit ongoing unlawful acts related to industrial property rights;
- the seizure of the infringer's assets, including bank accounts, suspected infringing goods, and instruments primarily used for the violation;
- damages as compensation for infringement, covering actual losses and lost profits, with the calculation also considering any unfair benefits gained by the infringer.

Following a judgement on the merits, the court may impose accessory sanctions and precautionary measures (Article 348 and 349 CPI), including the publication of the decision, the destruction of infringing goods, the temporary prohibition of certain

professional activities or the exercise of certain activities or professions, the denial of the right to participate in fairs or markets, and the temporary or permanent closure of the business establishment.

The Industrial Property Code imposes the same requirements as the Author Rights Code. The applicant must provide sufficient evidence of ownership or authorisation and of an infringement or a serious and imminent risk. The measures may also be directed against intermediaries.

## 4.3. CRIMINAL PROTECTION

### 4.3.1. GENERAL ASPECTS

The violation of IP rights, covering both copyright and industrial property, may constitute a criminal offence.

In criminal proceedings, courts are authorised to seize of alleged offender's movable and immovable assets, including bank account balances. Courts may also order the access to banking or commercial data and information related to the offender.

The jurisdiction to impose sanctions for criminal violations of IP rights, regardless of their nature, lies exclusively with the criminal courts and not with the TPI.

### 4.3.2. COPYRIGHT AND RELATED RIGHTS

The Portuguese Author Rights Code defines the following acts as criminal offences:

- the use of a work without the author's or rights holder's authorisation;
- counterfeiting, reproducing or imitating a work without authorisation, as if it were original;
- infringing the right of paternity (authorship) or the right to the integrity of the work; and
- using of counterfeited or unlawfully used work, commercialising, distributing, or making available to the public a counterfeit or unlawfully used work.

Except for violations of moral rights, other offences are deemed public offences, meaning that criminal proceedings may be started *ex officio* and do not require a complaint from the rights holder.

#### **4.3.3. INDUSTRIAL PROPERTY RIGHTS**

Under the Industrial Property Code, the following conducts are deemed criminal offences punishable by imprisonment of up to three years or by a fine:

- infringement of patents, utility models, and semiconductor topographies, which include manufacturing products, using processes, or distributing goods that violate an exclusive patent, utility model, or topography right;
- reproducing, imitating, exploiting, importing, or distributing protected designs or models without authorisation;
- counterfeiting, imitation, and misuse use of a trademark by reproducing, imitating, or using a protected trademark without authorisation;
- unauthorised reproduction, imitation, or use of a protected trade name or business sign;
- unlawful use, reproduction, or imitation of a protected logo;
- copying, imitating, or misusing a protected designation of origin or geographical indication;
- obtaining or keeping an industrial property registration through abuse of rights; and
- registering a non-existent act or one carried out to conceal the truth.
  
- The sale or concealment of infringing products, which includes selling, placing on the market, or hiding products that violate industrial property rights, is punishable by imprisonment of up to 18 months or a fine. Additionally, bad-faith registration, which includes obtaining a patent, utility model, or design registration in bad faith, carries a penalty of up to 1 year's imprisonment or a fine.

All offences described above are "semi-public crimes", which means that they depend on the rights holder's filing a complaint.

## 4.4. ADMINISTRATIVE REMEDIES

### 4.4.1. COPYRIGHT AND RELATED RIGHTS

The following practices are deemed as economic offences under the Author Rights Code which entail a fine established in the Economic Administrative Offences Law (*Regime Jurídico das Contraordenações Económicas*, "RJCE"):

- non-compliance by importers, manufacturers, and sellers of physical media for phonographic and videographic works in reporting the quantities imported, manufactured, and sold.
- failure by manufacturers and duplicators of phonograms and videograms to report quantities they press or duplicate;
- non-compliance by manufacturers and duplicators of phonograms and videograms in reporting the quantities they press or duplicate;
- unauthorised public communication of previously commercially released phonograms and incorporated performances, without the consent of the respective author, producer, or their representatives, whether through public performance or audiovisual broadcasting.
- unauthorised public communication of videograms through television broadcasts or retransmissions, as well as works and performances incorporated therein, without the required authorisations; and
- failure to duly identify the author of a work by her/his/its name, pseudonym, or other adopted identifying marks, or to acknowledge the works on which an adaptation is based.

Under the Economic Administrative Offences Law, other accessory sanctions may be applied to the infringer by the court ruling on the infringement at the request of the affected party which may include:

- forfeiture of seized assets in favour of the State;
- temporary prohibition on engaging in a specific activity; and
- temporary suspension of the infringer's right to sell products in fairs or markets.

IGAC is the entity responsible for processing administrative offences, and the respective inspector-general is charged with determining the sanctions to be imposed on the offender (Article 206 CDADC).

In addition, under article 209 CDADC, the rights holder may request the police or administrative authorities of the place where the infringement took place to suspend unauthorised performances, recitations, executions, or other public uses of protected works, and to seize all proceeds obtained from the infringement.

#### **4.4.2. INDUSTRIAL PROPERTY RIGHTS**

As for administrative offences regarding industrial property, very serious economic offences include unfair competition and violation of a protected trade secret. The range of serious economic offences is more extensive and includes:

- unfair competition, that is, engaging in acts contrary to honest commercial practices that cause harm to competitors, such as creating confusion with another's products, services, or business;
- violation of protected trade secrets;
- improperly claiming or using prizes, distinctions, or rewards granted in connection with industrial property rights;
- producing, importing, exporting, acquiring, or keeping signs (names, insignia, logos, designations of origin, or geographical indications) with the intent of using them unlawfully or enabling their unlawful use;
- use of illicit trademarks by placing into circulation or using trademarks that are not legally valid or that infringe registered rights;
- using another person's protected name, insignia, or logo without authorisation; and
- falsely claiming exclusive rights or improperly relying on industrial property rights that do not exist or are not enforceable.

The sanctions for engaging in administrative offences are established in the Legal Framework for Economic Administrative Offences.

In addition to fines, accessory sanctions may be imposed, including forfeiture of infringing goods, temporary bans on carrying out an activity, closure of establishments, deprivation of the right to participate in fairs or markets, and publication of the decision.

Negligence and attempt are also punishable under law and repeated offences are treated as an aggravating factor that increases the severity of the sanction.



# I. OVERVIEW

## I.1. BACKGROUND

Portugal's legal system has its roots in Roman law. The first effort to codify Portuguese law dates back to the XV century.

After the French Revolution and following the enactment of the Napoleonic Code that repealed French common law in 1804, Portugal approved its first Civil Code in 1867. Other codes were approved in the XIX century, including but not limited: the Commercial Code of 1888, the Code of Civil Procedure of 1876 and the Criminal Code of 1852.

Presently most of Portuguese civil and commercial law is either codified or set out in statutes of law. Notwithstanding, case law still plays a considerable role, as judges look to precedents for guidance and support of their decisions.

## I.2. THE PORTUGUESE CODE OF CIVIL PROCEDURE AND INTERNATIONAL CONVENTIONS

The main procedural rules in what regards civil procedural in court, appeals, judgement and the enforcement of judicial and arbitral decisions were codified by the Portuguese Code of Civil Procedure (*Código de Processo Civil*, "CPC") approved by Law 41/2013, of 26 June 2013, as amended from time to time.

Portugal is a party to various international Conventions, such as the Hague Conferences on Private International Law, in what regards civil and commercial matters, whether on procedural and substantial aspects. A few examples are (i) Convention of 1 March 1954 on civil procedure, (ii) Convention of 5 October 1961 abolishing the requirement of legalisation for foreign public documents, (iii) Convention of 15 November 1965 on the service abroad of judicial and extrajudicial documents in civil or commercial Matters, (iv) Convention of 1 February 1971 on the recognition and enforcement of foreign judgements in civil and commercial Matters, (v) Convention of 18 March 1970 on the taking of evidence abroad in civil or commercial matters, and (vi) Convention of 14 March 1978 on the Law Applicable to agency.

## 2. CIVIL COURTS

The Supreme Court of Justice is the supreme court and has national jurisdiction over civil, criminal, commercial and labour disputes. The Supreme Court of Justice decides the appeals of the lower courts, knowing only matters of law.

The Courts of Appeal are second-degree civil courts whose jurisdiction extends to several districts. Appeal Courts rule on appeals of the decisions of the courts of first degree.

The courts of first degree decide civil, criminal, commercial and labour actions.

There are 23 courts of first degree in the national territory, which unfold into judgements of generic jurisdiction and specialized jurisdiction (civil centre, civil place, criminal centre, criminal place, place of small crime, criminal instruction, family and minors, work, trade and execution), depending on the matter and the value of the action.

Also included in the courts of extended territorial jurisdiction, which have specialized jurisdiction and are responsible for certain types of disputes: (i) the Courts of Execution of Penalties, (ii) the Maritime Court, located in Lisbon, (iii) the Intellectual Property Court, located in Lisbon, (iv) the Court of Competition, Regulation and Supervision, located in Santarém, and (v) the Central Court of Criminal Investigation, located in Lisbon. In the judicial system, there are also Justices of Peace, which are extrajudicial courts that adopt a simplified procedure aimed at a swift resolution of disputes.

The jurisdiction of Justices of Peace extends, especially to civil property issues whose value does not exceed €15,000.

# 3. TAX AND ADMINISTRATIVE COURTS

The resolution of issues arising from administrative and fiscal relations falls under the purview of the administrative jurisdiction.

The Administrative Courts of Circle and Tax Courts are the first-instance courts responsible for proceedings concerning administrative disputes between private individuals or companies and the State and other entities with administrative and public powers.

The Central Administrative Courts operate as the second-tier courts within the administrative jurisdiction. They have regional jurisdiction and are as follows: the Central Administrative Court South (located in Lisbon), the Central Administrative Court North (located in Porto), and the Central Administrative Court Centre (situated in Castelo Branco). Central Administrative Courts have jurisdiction to deal with the appeals of decisions of the administrative courts of the circle and the appeals of decisions of the tax courts. Exceptions are cases where, cumulatively, (i) the parties allege only questions of law, (ii) the value of the case is greater than the jurisdiction of the central administrative courts, and (iii) the amount of the loss is greater than half the jurisdiction of the court appealed against, in which case appeals against decisions on the merits handed down by Tax Courts fall within the jurisdiction of the Supreme Administrative Court.

The Supreme Administrative Court is the highest authority within the administrative and fiscal courts and is composed of two chambers: one for administrative litigation matters and the other for tax-related litigation.

# 4. POWERS OF THE COURTS

In general, courts have the power to issue decisions regarding any matter to be determined in the proceedings, which include the powers to order the payment of sums of money (in any currency), grant injunctions against the parties, order the performance of contractual obligations, order the rectification, setting aside or cancellation of deeds or other documents, declare divorces, order the division of assets caused by the death of her/his owner, etc.

Courts may also, following a request of an interested party or on their own accord:

- know exceptions that prevent the court from knowing the merits of the case or that consist of invoking facts that prevent, modify or extinguish the legal effect of the facts articulated by the author;
- declare protective orders;
- inspect things or persons in order to clarify any fact that is of interest to the decision of the case and may go to the place of the question or order reconstitution of the facts when it deems it necessary; or
- requiring a party to make an interim payment on account of the claim or to pay the costs of the process.

# 5. THE PROCEEDING

## 5.1. THE CLAIM AND THE DEFENCE

Litigation begins when the plaintiff files a petition to the court (*petição inicial*), detailing what the defendant has done or failed to do that caused damage to the plaintiff, specifying the basis, factual and legal, for her/his claim against the defendant.

After being served with a plaintiff's claim, the defendant has, in general, a 30-day deadline to respond to the plaintiff. The defence is always provided in writing in the form of a briefing addressed to the court (*contestação*).

## 5.2. THE PRELIMINARY HEARING

After the claim and defence are filed in court, the judge will schedule a «pre-trial» meeting to attempt a settlement between the parties and consider any delaying objections alleged and, if possible, the merits of the case.

If the settlement fails, the «pre-trial» meeting will serve to discuss the facts and matter of law of the case, where the judge may decide on procedural questions or immediately on the merits of the case, determine the terms of the dispute and schedule the final hearing.

## 5.3. THE TRIAL

The final hearing starts with the judge inviting the parties to settle their dispute. If the settlement fails, the final hearing continues with the submission of evidence, which may include the depositions of the parties, expert testimonies and the deposition of witnesses.

Within 30 days after the final hearing, the court will rule on the case.

#### 5.4. CHALLENGING THE DECISION

Judgements of the courts may be appealed depending on the value and subject matter. Decisions in actions regarding the status of a person or in actions for allocation of the house of family dwelling are always subject to appeal.

Common reasons for challenging a court's decision are errors in the interpretation or application of the law by the court or disregard of evidence.

Depending on the circumstances, the Court of Appeal will either confirm the ruling, reverse the ruling, or order the court of first instance to conduct a new trial.

After a ruling is given by the Court of Appeal, the parties may also appeal to the Supreme Court of Justice (*recurso de revista*), except in cases where the Court of Appeal confirms the decision of the Court of First Instance.

## 6. COURT FEES

Judicial or procedural costs are generally equivalent to the amount spent by the public service of justice enforcement by the courts.

The Constitution of the Portuguese Republic guarantees access to the courts for all citizens, but this does not imply the gratuity of the justice services, only that the cost to pay is not so high that it considerably hinders access to justice. This does not mean, however, that the procedural costs correspond to or allow the actual costs of the proceedings to be covered.

Court costs must be paid for each legal action brought to court, the amount of which depends on the value of the case.

The *ex-parte costs* are the legal costs incurred by the winning party and which will be borne by the other party if the plaintiff so requests. The amounts must be itemised and contain all the essential elements relating to the proceedings and the parties.

For court cases worth more than €250,000, the cost of the case, including court fees and parties court awarded costs are approximately 1.8% of the claim value; appeals to the Court of Appeal and the Supreme Court of Justice cost another 1.8%, with the total cost of around 3.6% of the value of the claim value. If the first judicial decision is not confirmed by the appeal court(s), the unsuccessful party is responsible for all costs of the proceeding.

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# ABBREVIATIONS

ACE: Agrupamento Complementar de Empresas (Complementary Grouping of Companies)

ADSE: Instituto de Proteção e Assistência na Doença I.P. (Health Assistance System for the Civil Servants)

AIC: Alternative Investment Company

AICEP: Agência para o Investimento e Comércio Externo de Portugal (Portuguese Foreign Investment Agency)

AIF: Alternative Investment Fund

AIMA: Agência para a Integração, Migrações e Asilo, I.P. (Agency for Integration, Migration and Asylum)

AIMI: Adicional ao Imposto Municipal sobre Imóveis (Additional Property Tax)

AIU: Alternative Investment Undertakings

ANACOM: Autoridade Nacional de Comunicações (National Communications Regulator)

ANI: Agência Nacional de Inovação (National Agency for Innovation)

ARI: Autorização de Residência para Atividade de Investimento (Residence Permit for Investment Activity, commonly known as "Golden visa")

ASSOFT: Associação Portuguesa de Software (Portuguese Software Association)

BdP: Banco de Portugal (Bank of Portugal)

BPN: Banco Português de Negócios

BPP: Banco Privado Português

CDADC: Código do Direito de Autor e dos Direitos Conexos (Author Rights Code)

CEF: Connecting Europe Facility

CFI: Código Fiscal do Investimento (Investment Tax Code)

CIRC: Código do Imposto sobre o Rendimento das Pessoas Coletivas (Corporate Income Tax Code)

IRC: Imposto sobre o Rendimento das Pessoas Coletivas (Corporate Income Tax)

CMVM: Comissão do Mercado de Valores Mobiliários (Portuguese Securities Market Commission)

CPC: Código de Processo Civil (Portuguese Code of Civil Procedure)

CPI: Código da Propriedade Industrial (Industrial Property Code)

CPLP: Comunidade dos Países de Língua Portuguesa (Community of Portuguese-Speaking Countries)

DGAE: Direção-Geral das Atividades Económicas (Directorate-General for Economic Activities)

DSA: EU Digital Services Act

DSM: Digital Single Market

EBF: Estatuto dos Benefícios Fiscais (Tax Benefits Statute)

EEIG: European Economic Interest Grouping

EHIC: European Health Insurance Card

EMFAF: European Maritime, Fisheries and Aquaculture Fund

EPC: European Patent Convention

EPO: European Patent Office

ERC: Entidade Reguladora para a Comunicação Social (Portuguese Media Regulatory Authority)

ERDF: European Regional Development Fund

ESCB: European System of Central Banks

ESF+: European Social Fund Plus

EU: European Union

EUIPO: European Union Intellectual Property Office

GDP: Gross Domestic Product

GEPAC: Gabinete de Estratégia, Planeamento e Avaliação Culturais (Government Entity for Cultural Approvals, referenced in context)

IAPMEI: Agência para a Competitividade e Inovação (Portuguese Investment Agency)

IAS: Indexante dos Apoios Sociais (Social Support Indexation)

ICE: Incentivo à Capitalização das Empresas (Incentive for Business Capitalisation)

IES: Informação Empresarial Simplificada (Simplified Corporate Information System)

IGAC: Inspeção-Geral das Atividades Culturais (General Inspectorate of Cultural Activities)

IGF: *Inspeção Geral das Finanças* (General Inspectorate of Finance)

IMI: *Imposto Municipal sobre Imóveis* (Municipal Property Tax)

IMT: Imposto Municipal sobre as Transmissões Onerosas de Imóveis (Municipal Property Transfer Tax)

INE: Instituto Nacional de Estatística (Portuguese National Statistics Institute)

INPI: Instituto Nacional da Propriedade Industrial (National Institute of Industrial Property)

IRN: Instituto dos Registos e do Notariado (Institute of Registries and Notaries)

IRS: Imposto sobre o Rendimento das Pessoas Singulares (Personal Income Tax)

JTF: Just Transition Fund

Lda.: Sociedade por Quotas (Quota Company / Limited Liability Company)

NATO: North Atlantic Treaty Organization

NHR: Residentes Não Habituais (Non-Habitual Residents)

NIEEE: Número de Identificação de Entidade Equiparada Estrangeira (Tax Identification Number for Foreign Entities)

NIF: Número de Identificação Fiscal (Tax Identification Number for Individuals)

OECD: Organisation for Economic Co-operation and Development

PCT: Patent Cooperation Treaty

PII: Projetos de Investimento para o Interior (Investment Projects for Inland Areas)

PIN: Projetos de Potencial Interesse Nacional (Projects of Potential National Interest)

PRR: Plano de Recuperação e Resiliência (Recovery and Resilience Plan)

RCBE: Registo Central de Beneficiário Efetivo (Central Register of Beneficial Ownership)

RFAI: Regime Fiscal de Apoio ao Investimento (Investment Support Tax Incentives)

RJCE: Regime Jurídico das Contraordenações Económicas (Economic Administrative Offences Law)

S.A.: Sociedade Anónima (Joint Stock Company)

SAMS: Serviço de Assistência Médico-Social do Sindicato dos Bancários (Health Subsystem for Bank Workers)

SIFIDE II: Sistema de Incentivos Fiscais à Investigação e Desenvolvimento Empresarial (Tax Incentive System for Business R&D)

SME: Small and Medium Enterprises

SNS: Sistema Nacional de Saúde (National Health System)

SPV: Special Purpose Vehicle

TPI: Tribunal da Propriedade Intelectual (Intellectual Property Court)

TRIPS: Agreement on Trade-Related Aspects of Intellectual Property Rights

TUPE: Transfer of Undertakings (Protection of Employment)

UCC: Universal Copyright Convention

UCITS: Undertakings for Collective Investment in Transferable Securities

UPOV: International Convention for the Protection of New Varieties of Plants

VAT/IVA: Imposto sobre o Valor Acrescentado (Value-Added Tax)

VPT: Valor Patrimonial Tributável (Property Tax Values)

WCT: WIPO Copyright Treaty

WHO: World Health Organization

WIPO: World Intellectual Property Organisation

WPPT: WIPO Performances and Phonograms Treaty

## **IMPORTANT NOTICE**

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