

THE SIMPLIFIED AFFORDABLE RENT SCHEME

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SUMMARY

Following the entry into force, on 14 October 2026, of Ministerial Order no. 454/2026/I, of 13 October, which establishes the maximum rent limits, by dwelling type, for lease and sublease agreements covered by the Simplified Affordable Rental Scheme, approved by Decree-Law no. 97/2026, of 20 May, we review below the main features of the Scheme, which is in force since 1 September 2026.

I. Introduction

Decree-Law no. 97/2026, of 20 May, approved the Simplified Affordable Rental Scheme (*Regime Simplificado de Arrendamento Acessível*, the “RSAA”), together with other measures designed to promote housing and residential leasing and subletting:

- Tax incentives relating to the construction, refurbishment, sale and rental of residential property for Personal Income Tax (IRS), Corporate Income Tax (IRC), Value Added Tax (VAT) and Municipal Tax on Real Estate Transfers (IMT) purposes;
- Investment agreements for rental purposes; and
- A scheme for the partial reimbursement of an amount equivalent to the value added tax borne by individuals under construction contracts for residential property.

The tax incentives include, in particular, an exemption from Personal Income Tax (IRS) on capital gains arising from the sale of real estate where the proceeds are reinvested in property intended for residential letting at a moderate rent; reduced Personal and Corporate Income Tax (IRC) rates on

rental income arising from agreements exclusively intended for residential purposes; temporary application of the reduced 6% Value Added Tax (VAT) rate to construction and refurbishment works on residential property intended for sale or rental; and a reduced Municipal Tax on Real Estate Transfers (IMT) rate of 7.5% on the acquisition of an urban property or unit intended for residential use, provided it is leased at a moderate rent within 6 months of acquisition and remains leased for at least 36 months during the first five years following acquisition.

In turn, investment agreements for rental purposes may grant additional tax benefits, including exemptions from Municipal Tax on Real Estate Transfers (IMT) and Stamp Duty borne on the acquisition of properties for residential rental or rental for residential subletting, a 50% reduction in the Municipal Property Tax (IMI) rate and an exemption from the Additional Municipal Property Tax (AIMI). Decree-Law no. 97/2026, of 20 May sets out the eligible investments and investors in general terms, while Ministerial Order no. 447-A/2026/I, of 30 September, in force since 1 October 2026, specifies the applicable requirements and procedure.

2. The RSAA

Scope

The RSAA replaces the former Lease Support Programme (*Programa de Apoio ao Arrendamento*, approved by Decree-Law no. 68/2019, of 22 May) and is applicable to:

- Residential lease agreements;
- Lease agreements for residential subletting purposes; and
- Residential sublease agreements.

The agreements may be intended for the tenants' permanent residence or, in certain circumstances, for temporary residence (lease agreements for temporary special purposes).

Minimum term of lease agreements

Lease agreements for permanent residence must have a minimum term of **3 years**, whereas lease agreements for temporary residence must have a minimum term of **3 months**.

Rent limits

To qualify for the RSAA, the agreed rent may not exceed the maximum limits established by Ministerial Order no. 454/2026/I, of 13 October, according to dwelling type and municipality.

Some of the maximum limits established by this Ministerial Order are set out below:

Municipality	Studio	1-bed	2-bed	3-bed	4-bed	5-bed	> 5-bed
Coimbra	€426	€546	€711	€875	€957	€1,122	5-bed + n*€75
Lisbon	€785	€1,006	€1,309	€1,612	€1,763	€2,066	5-bed + n*€150
Faro	€447	€572	€745	€917	€1,004	€1,176	5-bed + n*€5
Porto	€652	€866	€1,118	€1,341	€1,510	€1,715	5-bed + n*€100

Note: “n” is the number of bedrooms above five.

The above amounts are subject to the following uplifts:

- 10% where the rental includes private parking; and
- 10% where the leased property has an energy performance rating of A or above, under a valid energy performance certificate on the date on which the lease agreement is entered into.

The maximum limits now established are subject to periodic review, with effect from 1 January of the year following the review.

In years where no review takes place, the maximum limits are automatically updated with effect from 1 January, in accordance with the rent-update coefficient provided for by law. This coefficient corresponds to the full variation in the consumer price index, excluding housing, over the latest 12-month period for which figures are available as at 31 August, as determined by the National Statistics Institute (*Instituto Nacional de Estatística* - INE).

Tax benefits

Property income arising from residential lease agreements, rental agreements for residential subletting purposes and residential sublease agreements that comply with the conditions established under the RSAA is exempt from Personal Income Tax (IRS) and Corporate Income Tax (IRC).

For this purpose, the landlord must submit the following through the electronic platform made available by the Housing and Urban Rehabilitation Institute (*Instituto da Habitação e da Reabilitação Urbana, I.P.* - IHRU), by 15 January of the year following the date on which the agreement is entered into:

- A copy of the executed agreement; and
- Evidence that the agreement has been submitted in the Tax Authorities' website.

The tax benefits extend to renewals and remain in force if the leased property is transferred, provided that the lease agreement continues in effect.

Other aspects

Affordable rental may be also relevant:

- In planning: rural land may be reclassified as urban land through a simplified amendment procedure of the application municipal planning instrument provided 700/1000 of the total above-ground construction area is allocated to affordable rental (Article 72-B of the Legal Framework for Planning Instruments – *Regime Jurídico dos Instrumentos de Gestão Territorial* - currently in force); and
- In licensing of developments: allotments, and other developments that qualify as having a significant urban impact under the applicable municipal regulations, must include areas for public housing, controlled-cost housing or affordable rental in accordance with the parameters established in the applicable municipal planning instrument. For this purpose, both privately owned plots allocated to those uses and plots transferred to the municipality are considered.

Plots transferred to the municipality for public housing, controlled-cost housing or affordable rental will be included in municipality's private domain. Municipal regulations may establish eligibility requirements for plots to be transferred for those purposes, including requirements relating to their size, building capacity or location (Articles 43 and 44 of the Legal Framework for Urban Development and Construction – *Regime Jurídico da Urbanização e da Edificação* - currently in force).

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