Capital Gains Tax Under the Portugal NHR and IFICI Regime

This article summarises the capital gains that may be applicable under both the old and new NHR regime and provides an in depth view

By **Silvia Santos**, 5th September 2025

Significant changes have been introduced to the Non-Habitual Residents Regime (NHR) in Portugal.

The “Old” NHR Regime

For individuals who successfully applied for the NHR regime by the end of 2023 (or met specific transitional criteria), the benefits have been grandfathered and continue for their 10-year period from the time of tax residency.

Key Aspects of Capital Gains under the Old NHR

- **Exemption with Progression:** A significant benefit was the potential exemption of foreign-sourced capital gains (e.g., from the sale of shares, bonds, or real estate located outside Portugal) from Portuguese taxation. This exemption typically applied if the gains could be taxed in the source country under a double taxation agreement (DTA) or the OECD Model Tax Convention, even if the source country chose not to levy tax. In practice, this often led to “zero taxation” for certain types of foreign gains.

- **Exceptions:** This exemption was not universal. For instance, gains from the sale of foreign shares where the DTA assigned exclusive taxing rights to Portugal remained taxable in Portugal at a flat rate (typically 28%). Similarly, gains from "blacklisted" low-tax jurisdictions could be subject to higher taxation (35%).
    - A critical misconception among NHR holders is the belief that all their foreign-sourced capital gains are tax-exempt. In reality, Portugal retains the exclusive taxing rights on these gains under its double taxation agreements, making them fully taxable in Portugal.

- **Real Estate:** For residents (including NHRs) selling Portuguese real estate, 50% of the capital gain is added to other income and taxed at progressive personal income tax (PIT) rates, which could go up to 48%, with a surplus tax of 5% for incomes above €80,000. However, there were exemptions, notably if the property was a primary residence and the proceeds were reinvested in another primary residence in Portugal or another EU/EEA country – see here for more details.

- **Shares and Securities:** Capital gains from selling Portuguese shares and other securities are typically taxed at a flat rate of 28%. However, if you sell the shares within a year and your total taxable income (including the gains) is over maximum marginal taxable income (€83,696 for the 2025 tax year), you'll be taxed at the marginal tax rates of 48% (with an additional solidarity tax applicable between 2.5% and 5%).

The "New" NHR Regime (NHR 2.0 / IFICI)

The "new" NHR regime, officially known as the "Incentive to Scientific Research and Innovation" (IFICI), came into effect on 1 January 2024. It is considerably more restrictive than its predecessor, focusing on attracting highly qualified professionals in specific scientific, research, and innovation activities. Details of the registration and taxation are available – with more details on the capital gain consequences below.

- Unlike the old NHR, the new IFICI regime explicitly states an exemption on income obtained from abroad covering categories E (capital income) and G (capital gains). This suggests a continued favourable treatment for foreign-sourced capital gains, with simplification and more favourable treatment by removing the complex "liable to tax" condition that caused issues under the old regime.

- However, it is crucial to note that income from "blacklisted" low-tax jurisdictions will be fully taxable in Portugal at 35%.

- **Real Estate:** The new regime maintains the standard Portuguese tax rules for capital gains on Portuguese real estate for residents. Namely, 50% of the capital gain is added to other income and taxed at progressive personal income tax (PIT) rates, which could go up to 48%, with a surplus tax of 5% for incomes above €80,000. However, there are exemptions, notably if the property is a primary residence and the proceeds are reinvested in another primary residence in Portugal or another EU/EEA country – see here for more details.

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Comparison of both Regimes

The below table summarises some key differences between the old and new regime.

Feature	Old NHR Regime	New NHR Regime (NHR 2.0)
Eligibility	Broadly available to new tax residents.	Restricted to specific highly skilled professions in science, research, and innovation.
Foreign Capital Gains	**Conditional Exemption:** Exempt only if the gains could be taxed in the source country under a DTA. This often-meant gains from stocks/bonds were still taxed in Portugal.	**Explicit Exemption:** Generally, exempt from Portuguese tax, simplifying the rules for those who qualify.
Portuguese Capital Gains	Generally taxed at a flat 28% (securities) or progressive rates (real estate or securities held less than 365 days) – treatment remains the same for both regimes.	

Important Considerations for both Regimes

- **Double Taxation Agreements (DTAs):** Portugal has an extensive network of DTAs, which are crucial in determining taxing rights and avoiding double taxation. The specific DTA between Portugal and the source country of the capital gain will always take precedence.

- **“Blacklisted” Jurisdictions:** Capital gains (and other income) from jurisdictions considered “tax havens” by Portugal are often subject to a higher tax rate (e.g., 35%) and may not benefit from NHR exemptions.

- **Crypto Assets:** Portugal introduced specific rules for crypto assets in 2023. Gains from crypto assets held for less than 365 days are taxed at a flat rate of 28%. Gains from crypto assets held for 365 days or more or under the new NHR regime are exempt. See here for more information.

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For more information, please contact Dixcart Portugal: advice.portugal@dixcart.com.