

## How to Establish Your Business in Portugal

If you are considering re-domiciliation, this guide will walk you through the essential steps to establish your business in Portugal.

By **Catarina Sardinha**, 26th March 2025

Portugal has emerged as an ideal destination for entrepreneurs and businesses seeking a stable, business-friendly environment within the European Union. With its strategic location, attractive tax regime, and vibrant economy, Portugal offers numerous opportunities for growth. If you are starting from scratch or considering re-domiciliation, this guide will walk you through the essential steps to establish your business in Portugal.

### 1. **Incorporation: Starting Fresh or Redomiciling**

You have two primary options for establishing your business in Portugal:

- **Incorporation:** This involves creating a new Portuguese company, adhering to all local legal and regulatory requirements. It is the most common approach for businesses entering the Portuguese market.
- **Re-domiciliation:** This process involves transferring an existing company's legal domicile from another jurisdiction (e.g. France) to Portugal. This can help companies benefit from Portugal's tax advantages and EU membership. However, it requires careful legal and tax planning to ensure compliance with both the original and new jurisdiction.

### 2. **The Company Incorporation Process**

The process of incorporating a company in Portugal generally involves these steps:

- **Choosing a Company Structure:** The most common types are:
  - *Sociedade por Quotas* (Lda.): A limited liability company, suitable for small to medium-sized enterprises.
  - *Sociedade Anónima* (SA): A public limited company, typically used for larger businesses.

- **Obtaining a Company Name Approval:** You must register your chosen company name with the National Registry of Legal Persons (RNPC – *Registo Nacional de Pessoas Colectivas*). Other than confirming uniqueness, it ensures the company's name complies with Portuguese legal requirements.
- **Drafting the Company Statutes:** These documents outline the company's structure, objectives, and operational procedures – essential for establishing a clear and legally sound foundation for the company's operations, governance, and roles and responsibilities of shareholder and directors. This serves as the company's internal governance guide and is required for the registration of the company at the commercial registry.
- **Obtaining a Tax Identification Number:** The Portuguese tax system necessitates two types of tax identification numbers – namely:
  - NIPC (*Número de Identificação de Pessoa Colectiva*), the corporate tax number, is automatically assigned upon approval of the company's name. This enables the company to fulfil tax obligations, engage in legal and financial transactions (such as opening bank accounts), and operate legally within Portugal.
  - NIF (*Número de Identificação Fiscal*), individual's tax number, for individuals associated with the company, including directors and shareholders. This NIF is for their individual tax liabilities and any financial dealings related to the company.
- **Opening a Bank Account:** Essential for depositing the company's share capital and managing financial transactions. Although it is not a prerequisite to have a Portuguese bank account, a bank account in Portugal is beneficial to transact with the Portuguese tax authorities (e.g. receive refunds from the tax authorities, for payment of employment social security amounts, etc.).
- **Registering the Company at the Commercial Registry:** This formalises the company's existence and grants the company its legal personality. A registration fee is payable.
- **Registering the Company with Social Security:** Portuguese companies are required to register for social security (whether they have employees or not) – for which it will receive a unique social security registration number. This ensures, among others, compliance with labour laws.
- **Obtaining Necessary Licenses and Permits:** Companies may be required to obtain specific licenses or permits to operate in Portugal or the EU, depending on the scope of business activities and sector-specific requirements.

### 3. Shareholder Registry of Beneficial Owners and Public Access

Company ownership information in Portugal is generally public. The Commercial Registry discloses shareholder details, for limited liability companies. However, the Central Register of Beneficial Owners (RCBE) is needed to identify UBOs (Ultimate Beneficial Owners) with significant ownership (over 25% ownership or control), although searches are by company name only. Listed companies also report ownership changes through the CMVM (*Comissão do Mercado de Valores Mobiliários*) – the Portuguese Securities Market Commission. Despite these registries, identifying the true UBO can be

difficult with complex structures.

#### 4. Tax Rates and Considerations

- **Corporate Tax (IRC):** Portugal's tax regime is a significant draw for businesses with a range of corporate rates applicable starting from 5% and depend on where the activity and company is based. See [here](#) for more details on specific rates applicable.
- **Value Added Tax (IVA):** Standard rates are 23% in mainland Portugal, with reduced rates for certain goods and services. Reduced rates apply in Madeira and the Azores.
- **Personal Tax – Non-Habitual Resident (NHR) Regime:** Offers significant tax benefits for individuals (such as employees, directors, and shareholders tax resident in Portugal who qualify), including potential tax exemptions on foreign-sourced income. See [here](#) for more information.

#### 5. Obligations to Shareholders and Directors

- **Shareholders:** Are entitled to dividends and have voting rights. They are also liable for the company's debts up to their share capital.
- **Directors:** Are responsible for managing the company's affairs, complying with legal obligations, and acting in the best interests of the company. They have fiduciary duties and can be held liable for breaches of these duties. Directors are required to act with reasonable skill and diligence.

#### 6. Opening a Bank Account

Without a bank account, a corporate entity may have no use. Portuguese banks and authorities have strict KYC ('Know-Your-Client') requirements to prevent money laundering and terrorist financing. Expect to provide detailed information about your company's ownership structure, business activities, and shareholder's source of funds.

The following may be required as a starting point:

- Company incorporation documents as detailed above
- NIPC (company's registration and tax number) of the company
- Identification documents for directors and shareholders
- Proof of address (the company's individual shareholders)
- Source of funds and wealth of shareholders and/or UBO

Although bank accounts may be opened remotely, it may be faster and more convenient to open in person.

#### 7. Ensuring Company Substance

Demonstrating economic substance is critical for tax compliance in Portugal. Companies must maintain genuine economic activities and a physical presence within the country. Furthermore, to qualify for the 5% corporate income tax rate in Madeira's International Business Centre, companies must meet specific substance requirements.

## 8. Reasons to Incorporate in Portugal

Lastly, various businesses have recently incorporated or redomiciled to Portugal. The reasons are vast and different, many of which have decided based on the following factors:

- **EU Membership:** Access to the European single market to conduct business.
- **Stable Political and Economic Environment:** Provides a secure base for business operations.
- **Strategic Location:** A gateway to Europe, Africa, and South America.
- **Network of Double Taxation Agreements:** Portugal has almost 80 double taxation agreements – some of which are unique like the agreement between [Portugal and Angola](#). Click [here](#) for more information on double taxation agreements.
- **Skilled Workforce:** A growing pool of talent that can speak several languages, including English.
- **Quality of Life:** A desirable location for professionals and families.
- **Growing Tech Hub:** Lisbon and other cities are attracting tech companies and startups. Read [here](#) for more information.

**Visa routes:** Various visa options are available, including the golden visa. Refer [here](#) for more details.

### Conclusion

Establishing a business in Portugal requires careful planning and adherence to local requirements. However, the potential rewards are significant. By understanding the incorporation process, tax implications, and regulatory obligations, you can successfully launch and grow your business in this dynamic and promising market. It is highly recommended to seek professional advice to navigate the complexities of Portugal which may be different to the jurisdiction you are accustomed to.

Please contact [advice.portugal@dixcart.com](mailto:advice.portugal@dixcart.com) for a free initial consultation.