

Navigating Portugal's Exit Tax: A Guide for Individuals and Businesses

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By **Catarina Sardinha**, 3rd September 2025

An exit tax is a levy imposed on individuals or companies when they cease to be tax residents of a country. While many nations apply a comprehensive exit tax on all unrealised capital gains, Portugal's approach is more targeted, particularly for private individuals. Understanding these specific rules is crucial for anyone considering a move.

Unlike countries that tax a departing resident's entire portfolio, Portugal's exit tax on private individuals is not a broad levy on unrealised gains from assets like real estate or general stocks. Instead, it is focused on very specific circumstances, primarily to prevent tax avoidance in particular scenarios.

Key Scenarios for Individuals:

- **Tax-Neutral Operations:** The tax is primarily applied to individuals who have benefited from a tax-neutral corporate operation, such as a merger, demerger, or share-for-share exchange. When such an individual transfers their tax residency abroad, any capital gains or losses resulting from that operation must be included in their taxable income for the year they depart.
- **Cryptocurrency:** Portugal has specific rules for cryptocurrency assets. When a tax resident moves abroad, an exit tax of 28% may be levied on the unrealised capital gains of certain crypto assets. This tax is calculated on the difference between the asset's market value at the time

of departure and its acquisition cost, using the “First In, First Out” (FIFO) method. However, a significant exemption applies to cryptocurrencies held for over 365 days, which are generally tax-free unless they are considered professional or business income.

Special Residency Rule for Portuguese Nationals:

An important consideration for Portuguese nationals is a specific anti-avoidance rule. If a Portuguese national moves their tax residency to a country, territory, or region with a “clearly more favourable tax regime,” as defined by a government ordinance, they may still be considered a resident in Portugal for the year of the change and the four subsequent years. This rule is designed to prevent individuals from relocating to tax havens solely for fiscal purposes. This provision does not apply if the individual can prove the move was for a valid reason, such as a temporary assignment for a Portuguese-based employer. This extended residency condition only remains in effect as long as the taxpayer’s residency is in one of these listed jurisdictions and ceases in the year they become a resident of a different, non-listed country.

Portugal’s exit tax regime for companies is more comprehensive. If a company transfers its registered office or effective management out of the country, it is considered to have realised all the hidden gains on its assets. This measure prevents companies from avoiding tax on profits accrued while they were operating in Portugal. The tax is calculated on the difference between the market value and the taxable value of the company’s assets.

Mitigating the Risk of Double Taxation

A significant concern with any exit tax is the potential for double taxation, where both the former and new countries of residence attempt to tax the same gains. Portugal’s extensive network of double tax treaties (DTTs) is designed to mitigate this issue. These treaties typically specify which country has the right to tax a particular type of income, preventing the same income from being taxed twice. However, tax laws are complex and can vary significantly. Therefore, it is always advisable to seek professional tax advice to ensure full compliance and to avoid unexpected liabilities when planning an international relocation.

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