

What are the Tax Consequences of the NHR Regimes?

As the previous NHR regimes will be grandfathered, there is no impact for individuals already enjoying NHR status.

By **Cátia Silva**, 14th January 2025

Taxpayers who are NHR (Non-Habitual Residents) or IFICI (Incentive for Scientific Research and Innovation) eligible, benefit from a package of respective tax advantages, for a period of 10 consecutive calendar years (with the option of utilising the marginal rates, if lower), from the effective date of Portuguese tax residency.

Summary of Tax Consequences Differentiating between the Previous and New NHR (IFICI/NHR2.0) Regime

	Previous NHR Regime (Grandfathered – respective tax residents continue to benefit from old rules)	New NHR Regime ("NHR 2.0"), IFICI (Effective 1 January 2024)
Who does this apply to?	Those who became tax resident before 31 December 2023, or those, under the transitional rules, became tax resident before 31 December 2024.	Those who become tax resident on or after 1 January 2024 onwards and comply with the respective criteria - see link .

Employees or contractors of a Portuguese based entity	20% taxation for high value-added activities.	20% taxation for work for certain eligible activities.
Employees or contractors working for a foreign based company (exception for exempt salary income)	20% taxation for high value-added activities if the income is not taxed in the source state.	Not subject to tax if a high value-added activity or otherwise subject to progressive taxation up to 48% plus surtaxes.
HNWI deriving only passive related income (foreign)	Only certain foreign passive income may be exempt. Portfolio gains generally taxed at 28%. Blacklisted tax jurisdictions (35%).	Not subject to tax, with exception from blacklisted tax jurisdictions (35%).
HNWI deriving only passive related income (local/Portugal)	28% (unless marginal rates apply, if lower), or other exemptions.	28% (unless marginal rates apply, if lower), or other exemptions.
Pensioners	10% or exempt.	Progressive taxation up to 48% plus surtaxes.

R&D work
performed in
Portugal

20% taxation for
high value-added
activities. Other
foreign passive
income may be
exempt.

20% taxation for
work for certain
eligible
activities.
Exempt on
foreign income
from several
categories of
income.

I am part of the previous NHR – does this affect me?

As the previous NHR regime will be grandfathered (including those who become tax resident before 31 December 2024), there is no impact for individuals already enjoying NHR status. The regime will continue to exist until the 10-year NHR period is reached, from when each respective individual registered for NHR.

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Note that the above must not be considered as tax advice and is for discussion purposes only.