

What Does Portugal Offer as a Family Office Location?

A Portugal Family Office enjoys several advantages . Portugal is part of the EU and offers a mix of corporate and personal income tax benefits.

By **Lionel de Freitas**, 15th November 2022

There are many factors to take into consideration when reviewing the best location for a Family Office. These factors naturally differ depending on the particular situation. Dixcart are well-positioned to offer advice and insight into determining which jurisdiction is best suited to meet specific family needs.

Portugal Family Office

Portugal is particularly well suited, being an EU member country, offering a beneficial mix of corporate and personal income tax advantages, which are touched on briefly below.

General Reasons

- Portugal is a very safe country that is well established within the EU and under relevant EU Laws.
- Portugal has a well-qualified and skilled labour force, with relatively low labour costs, within the EU.

Tax Reasons

- Zero tax is payable on inherited wealth and on gifts and donations, in Portugal.
- Portugal does not levy wealth tax, only income is taxed. This therefore reduces the potential tax burden on accumulated wealth, namely on assets with capitalised capital gains.
- Gratuitous transfers of property, in life or upon death, between spouses, descendants and ascendants is covered by an exemption from Stamp Tax (10% tax rate), regardless of the amount and/or the type of taxpayer. This exemption applies to; shares, bonds, cash and immovable property (although the latter is subject to a 0.8% tax rate when transfers are made 'in life').
- Portuguese companies, incorporated within the EU approved [Madeira International Business Centre \(IBC\)](#), benefit from a 5% corporate tax rate on international income.

A Good Double Tax Treaty Network

- The extensive Portuguese Double Tax Treaty network allows for withholding tax reductions from foreign-sourced dividends, interest and royalties, as well as enabling the NHR exemptions to operate more efficiently.

Read here for information on our [Practical Tax Guide to Inheritance and Gifts Received in Portugal](#)

An Attractive Participation Exemption Tax Regime

- A general participation exemption regime allows for withholding tax exemptions on dividends between related companies, with low thresholds facilitating 'free' equity flow between family-owned multinational structures.

Trust Structures and the Portuguese Tax System

Portugal, being a civil law jurisdiction, does not have a domestic legal trust regime. Trust structures held within a Family Office, subsequently established in Portugal, may require careful review and/or restructuring.

Matters such as the location and nature of the trust, position of the settlor, trustee and beneficiary, revocability of the trust, and powers of the settlor regarding the nomination of trustees and the liquidation of the trust, must all be thoroughly analysed.

Dixcart Portugal, being part of a group with a strong presence in a number of jurisdictions, can offer extensive experience and knowledge regarding 'trust' jurisdictions, having offices in a number of them. We are therefore uniquely positioned to advise foreigners moving to Portugal regarding the implementation of trust structures.

Summary and Additional Information

Portugal offers a number of potential advantages for the location of a Family Office, in particular if the owners of the wealth take advantage of the Portuguese Golden Visa, move to Portugal, and benefit from the NHR regime.

We strongly recommend that professional advice should be taken.

Dixcart are well placed to offer such professional advice, with experienced accountants and lawyers based at the Dixcart office in Portugal and other professionals, across the Group, with extensive expertise in the area of Trusts.

Please speak to your usual contact in Portugal: advice.portugal@dixcart.com.