

PORTUGAL CORPORATE TAX OVERVIEW

Understanding the nuances of corporate taxation in Portugal is crucial for effectively advising your international clientele or to understand your business as an entrepreneur for your Portugal company.

Generally, companies considered tax residents in Portugal face taxation on their worldwide income.

STANDARD CORPORATE INCOME TAX RATES IN PORTUGAL

A flat Corporate Income Tax (CIT) rate of 19% is levied on the total taxable income of companies' resident in mainland Portugal for tax periods starting on or after 1 January 2026. The CIT rate is set to decrease further to 18% in 2027 and 17% in 2028.

The Autonomous Region of Madeira and the Autonomous Region of the Azores benefit from a reduced standard CIT rate of 13.3%, which also applies to Permanent Establishments (PE's) of foreign entities registered within these regions.

SPECIAL RATES FOR COMPANIES WITH AN INTERNATIONAL ACTIVITY AND STARTUPS

The International Business Centre of Madeira, suitable for companies with international activities, is backed and approved by the EU with a 5% corporate tax rate on active income, subject to conditions.

Entities that qualify as startups are subject to a 12.5% CIT rate (or 8.75% in Madeira) on their first €50,000 of taxable income, with the standard CIT rate applying to any excess.

SUMMARY OF KEY CORPORATE TAX RATES

	<u>Portuguese Mainland Company</u>	<u>Madeira Company</u>	<u>International Business Centre of Madeira Company (for international activity)</u>
First €50,000 of taxable income (small-medium enterprises)	15%	10.5%	5% (subject to conditions, including substance requirements)
Taxable income above €50,000 (small-medium enterprises)	19%	13.3%	5% (subject to conditions, including substance requirements)

FREQUENTLY ASKED QUESTIONS

Can non-residents open a company in Portugal?

Yes, Portugal allows 100% foreign ownership.

How long does the process take?

Typically 2-4 weeks, depending on documentation.

Is a local director required?

No, non-resident directors are permitted.

Do I need a Portuguese tax number (NIF)?

Yes, all shareholders and directors require one—we handle this.

Start Your Expansion into Portugal with Confidence

Whether you are entering the EU market or restructuring internationally, we provide a seamless and fully managed solution.