



## **Amendment to the non-habitual residents ("NHR") regime: new list of high value-added activities**

The Government Ruling no. 230/2019, 23 July 2019, amended the Government Ruling no. 12/2010, 7 January 2010, which approved the list of high value-added activities eligible for the 20% Personal Income Tax ("IRS") flat rate applicable to income derived from NHR's employment and/or business and professional activities, received by NHR individuals. The new Government Ruling will enter into force on 1 January 2020, without detriment to the situations foreseen in the transitional regime.

The following essential aspects should be highlighted:

### **1- High Value-Added Activities: condensation and clarification of the eligible activities**

The new high value-added activities list has excluded from its scope some professionals, including, among others, auditors and tax advisors. However, the new list's scope became more comprehensive (or at least clearer) regarding activities that could already be covered by this regime (professionals acting as managing/executive directors, as well as administrative and commercial services directors).

The new list is based on the Portuguese Classification of Professions ("CPP"), which is less ambiguous than the previous methodology, that was based on the Codes of Economical Activities – "CAE".

### **2- New requirement: professional qualification or professional experience**

Under the new activities' list, a NHR that develops a high value-added activity may be required to:

- a) Holds, at least, level 4 of qualification of the European Qualifications Framework;
- b) Holds, at least, level 35 of the International Classification Type of Education; or
- c) Have five years of professional experience.

### **3- Implementation**

The new list of high value-added activities will not be applicable to individuals that:

- a) Were registered as NHR until 1 January 2020, even if their statute is suspended;
- b) Have already requested the NHR statute, even if the respective registry is pending, and/or the ones that should request their registration as NHR until 31 March 2020, by reference to the year 2019.

However, the new list may be applicable – upon their request – to NHR excluded from its scope.

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