



PORTUGAL

Portugal - Civil Law

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In a hurry? Click incorporate now, and startup your company immediately.

Incorporating a company in Portugal

Portugal taxes

If you want to incorporate in Portugal, you have to know about taxation for a LLC (SpQ) which is the most common company structure in Portugal.

Resident entities in Portugal are subject to taxation on their worldwide income. The maximum percentage tax rate for income earned abroad, from our research, and your results may vary, is 29.5%. The country may have exemptions to transfer profits made internationally. Corporate Income Standard tax is 21%. A reduced rate of 17% applies to the first EUR 15,000 taxable income. Corporate Income is also subject to a State progressive surcharge from 3% to 7% and to a municipal surcharge at a rates up to 1.5%. The maximum possible combined effective tax rate is 29.5% (for profits exceeding €35m). This ranks Portugal as 134th overall in terms of corp. taxation rate internationally.

The VAT rate is 23.00%, that ranks Portugal as 165th when compared to VAT taxation rate internationally. In terms of other taxation, an employer will contribute 23.75% to the equivalent of a social security fund and an employee will contribute 11.00%. The overall complexity of the tax system is medium. This is measured by average time to comply with a country's labor tax requirements is as it is 116hours. Contributing to this is the number of yearly labor tax payments, which is 1 in PT.

Thin capitalization standards are in play. Thin capitalisation refers to any sort of laws on given company with respect to debt-to-asset ratios. Dividends received by a domestic entity from a resident or non-resident shareholding are exempted from tax, provided that the shareholder is not considered as a transparent entity and has held at least 10% of capital or voting rights of the paying company for at least 12 months. To qualify for the exemption, subsidiary must not be resident of a considered tax haven and has to be subject to a corporate income tax of at least 60% of Portugal CIT rate. Dividends are distributions of company profits, voted on by the board, to shareholders. Dividends can be one of the following shares of stock, cash payments, or other property.

Capital Gains are included in corporate tax base. However, those from the disposal of shareholdings are exempt, provided that shareholder is not considered as a transparent entity and held at least 10% of capital or voting rights of the shareholding for at least 12 month. Subsidiary must not be resident of a considered tax haven and has to be subject to a corporate income tax of at least 60% of Portugal CIT rate. A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells a capital asset for a price that is higher than the purchase price.

The interest withholding tax rate is estimated at 25%. This means that the tax authorities expects relevant legal entities to withhold 25% of interests remitted abroad. The dividends withholding tax rate is 25%. Which means that the taxman expects companies to pay tax on 25% of dividends paid abroad. The royalties withholding tax rate is 25%. Which means that the relevant tax authorities expects LLC (SpQ)'s to withhold 25% of payments offshore on royalties. Payments to residents of jurisdictions considered tax haven are subject to a withholding tax of 35%. Payments that qualify for the EU directives may be tax exempt. Withholding tax rates may be reduced under a tax treaty.

There is no known tax on wealth in Portugal. There are inheritance, real property and transfer taxes in Portugal. There are popular and well known R&D initiatives that provide breaks on taxation in PT.

The above is not tax or legal advice for your particular personal tax obligations. Incorporations.io can refer you to an expert in Portugal who can properly advise you. Ready to get started? Click incorporate now if you are in a hurry, or press the free consultation button above.

The vat rate in Portugal is 23% which ranks 165 in the world.

- ✓ **Patent box**
- ✓ **RND credit**
- ✗ **Wealth tax**
- ✗ **Estate tax**

- 88 **Tax treaties**
- 29.5% **Offshore Tax**
- 29.5% **Corp rate**
- **Loss carryback years**

Portugal Legalese

When incorporating, you must look at the law in the country, in Portugal is civil law law. You will want to get some local advice as to how to best structure a company in Portugal. Electronic signatures are permitted.

The country code PT is for Portugal and the most common company type type in Portugal is a LLC(SpQ).

The average time to incorporate is 5 weeks to incorporate a LLC(SpQ) in PT. The types of currencies you can use to capitalize your legal entity is frequently legal currency.

Yes, one is allowed to re-domicile a LLC(SpQ) from PT. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least 1 shareholder. This makes it possible for you to own a LLC(SpQ) in PT by yourself. Corporate Shareholders are encouraged, which means you can have a corporate shareholder. Foreign ownership is encouraged, up to 49% of the total shareholding.

A LLC(SpQ) is only required to have 1 director on the board. Additionally, corporate directors are permitted. Directors are disclosed publicly. There is a body of law which requires companies to hold an annual meetings of shareholders.

A registered agent is normally required, which means the company will have to pay a fee on a yearly basis, for an agent which can receive any official legal correspondance on behalf of the business. Moreover, a company secretary is required by law.

There is a requirement to file accounts to relevant authorities. Furthermore, there is oftentimes a requirement to have these accounts audited.

Overall we think Portugal is a ok option and have given it a score of 57 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✗ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✓ **Corporate director permitted**
- ✓ **Local Secretary not required**
- ✓ **Local Director not required**
- ✓ **Electronic signature**

- 1 Shareholders required**
- 1 Directors required**
- 5 weeks to form**



PORTUGAL

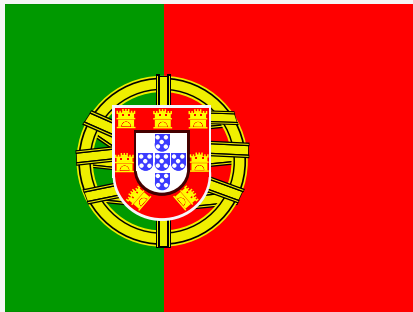
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Country Info



🚩 National Flag of

**República português
(por)**

\$ Currency

EUR

☎ Area Code

+351

🏛 Capital

Lisbon

📍 Region

Southern Europe

🗣 Native Languages

Portuguese