THE REAL ESTATE INVESTMENT STRUCTURE TAXATION REVIEW

THIRD EDITION

Editors
Giuseppe Andrea Giannantonio and Tobias Steinmann

THE LAWREVIEWS

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This article was first published in July 2021
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Published in the United Kingdom
by Law Business Research Ltd, London
Meridian House, 34–35 Farringdon Street, London, EC4A 4HL, UK

www.TheLawReviews.co.uk

ISBN 978-1-83862-820-8

Printed in Great Britain by
Encompass Print Solutions, Derbyshire
Tel: 0844 2480 112

ACKNOWLEDGEMENTS

The publisher acknowledges and thanks the following for their assistance throughout the preparation of this book:

ARENDT & MEDERNACH SA

CHIOMENTI

CMS PASQUIER CIULLA MARQUET PASTOR SVARA GAZO

CUATRECASAS

DENTONS

EPRA

GIDE LOYRETTE NOUEL AARPI

GLEISS LUTZ

HCSD TAX ADVISORS

HOMBURGER AG

LOYENS & LOEFF

WILLIAM FRY

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PREFACE

The real estate sector plays a crucial role in the global economy and social environment.

In particular, the commercial property sector offers the infrastructure needed for the growth and development of entrepreneurship and business, including offices, shops, industrial and logistics premises, and hotels. In Europe alone, commercial real estate represents a business of €7 trillion.

Business operators often prefer to rent the spaces used for carrying out their activity. Therefore, commercial properties are generally held as investments by third-party investors, who buy commercial properties and rent them to business operators.

The real estate sector is also a fundamental source of employment. In 2017, the European real estate sector employed four million people – more than the car manufacturing and telecommunications sectors combined. Moreover, it provides residential accommodation and is seen as a tool to meet social and public needs. New types of properties are emerging and have increasingly been included in investment portfolios, such as healthcare, senior living, education and student accommodation. In addition, urban regeneration has become a key element of all the decisions taken at EU level, boosting city renovation and the residential sector. In such respect, the recovery fund and NextGenerationEU will play a key role in supporting this transformation.

In this context, attracting new resources and investment from institutional investors such as pension funds, insurance companies and sovereign wealth funds is crucial for the improvement of the real estate sector. In particular, it is desirable that those investors are involved in both financing large development projects and investing in properties held for rent.

Based on market practice, investments from foreign institutional investors are mainly carried out indirectly rather than through direct acquisitions, and especially through specialised vehicles like non-listed real estate funds, listed property companies and real estate investment trusts.

The pandemic emergency caused by covid-19 in 2020 has also affected the real estate sector. Although, generally, any disturbance to private real estate valuations is normally only revealed over time, listed real estate stocks suffered sharp falls in 2020 now restarting to peak in 2021. This is because of the role the sector plays in the real economy and for this specific reason it is widely considered that the coronavirus crisis may also have lasting effects on real estate usage; for example, because new public health regulations will be introduced. Accordingly, the post-crisis landscape in which we are now starting to live would be characterised by higher demand in alternative real estate sectors and for alternative assets, accelerating a process of transformation that was already ongoing. It is considered therefore that, in the long run, this will all contribute to the fundamental attractiveness of real estate as a long-term investment asset class.

We agree that within Europe, the role of the real estate sector as an economic, employment and social catalyst needs to be supported by a legislative framework that increases transparency and competitiveness, and simplifies and standardises bureaucratic processes.

However, within the European Union, the differing impact of the covid-19 crisis is exacerbating differences between the interventions made by legislators in the individual jurisdictions, with allowances, tax credits and other tax provisions introduced and applied very differently from one state to another. Generally, these disparities reflect the level of impact the pandemic has had in particular jurisdictions, the economic policies followed by their respective governments and the level of resources available to achieve those aims.

Correlatively, national legislators will need to adapt any new provisions to those pre-existing types of specialised real estate investment vehicles that currently benefit from tax exemptions or other advantageous tax allowances, for both direct and indirect tax purposes.

Given this presently rather fragmented scenario, the aim of this volume is to provide a useful guide to those international and institutional investors willing to invest in real estate properties located in Europe, and to illustrate in a comparative manner possible alternatives for the establishment of investment platforms in Europe and investment vehicles at a local level. In particular, each country-specific chapter provides insights from leading experts on key tax considerations and investment opportunities based on the relevant national legislation. Furthermore, in this edition, we have sought to provide indications of any allowances and facilitations introduced temporarily in response to the current economic crisis that may also present investors with investment opportunities in specific countries.

We would like to thank the authors of this volume for their extensive expertise and for their efforts to ensure the successful outcome of this work. We hope that the reader finds this volume useful and we welcome any comments and suggestions for its improvement.

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June 2021

Chapter 9

PORTUGAL

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I OVERVIEW

i Investment vehicles in real estate

The most commonly used vehicle to invest in real estate in Portugal is the company limited by shares or joint-stock company (SA), which is an unregulated flexible vehicle that does not attract significant incorporation costs or ongoing management and compliance costs.

Depending on the actual features of the investment, such as the investor's origin or the dimensions and composition of the investment's portfolio, the use of more than one SA as a special purpose vehicle held by a local holding company may be appropriate.

Regulated vehicles such as real estate investment funds (FIIs) may also constitute attractive investment vehicles, although these are not so commonly used owing to their highly regulated regime, which includes special requirements and limits regarding, for example, risk spreading and leverage, and higher management and compliance costs.

ii Property taxes

The direct acquisition of real estate is subject to property transfer tax (IMT) and to stamp duty. The constitution, transfer or termination of minor *in rem* rights such as the usufruct or surface rights are also liable for IMT and stamp duty.

As a rule, the transfer of real estate is exempt from value added tax (VAT). However, under certain conditions the seller (together with the buyer) may waive the VAT exemption on the transfer of urban non-residential real estate, in which case no stamp duty is due.

The holders of the ownership, usufruct or surface right over real estate are liable for the payment of an annual municipal real estate tax (IMI); an additional tax (AIMI) is also due on residential property and land for construction.

Rental income and capital gains derived from the transfer for a consideration of real estate located in Portugal are generally liable for income taxes if obtained either by individuals or by companies or other entities, whether resident or non-resident for tax purposes in Portugal.

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1 Diogo Ortigão Ramos and Gonçalo Bastos Lopes are partners and Ana Helena Farinha is a senior associate at Cuatrecasas. The authors would like to acknowledge the contribution of their colleague Paulo Costa Martins on the regulatory framework of regulated investment vehicles.

II ASSET DEALS VERSUS SHARE DEALS

i Legal framework

The transfer of rights over real estate can be direct, namely through direct acquisition of an asset (an asset deal), or indirect, through the transfer of shares of the company or other vehicle owning the property (a share deal).

Asset deals

The purchase and sale of real estate is done by means of a public deed, executed and signed before a notary public, or by a private document certified by a person or entity legally qualified for this procedure; for example, a notary public, a lawyer or a registry officer.

Apart from compliance with the tax obligations resulting from the acquisition of the real estate, several documents may be required for the transfer of property ownership and, depending upon the circumstances, these may include the property's energy performance certificate, the residential technical document or the use permit issued by the municipality.

Although the transfer of *in rem* rights over real estate occurs upon the execution of the underlying agreement, the transfer must be registered to ensure a public disclosure of the legal condition of the assets and guarantee the lawfulness of the property transaction.

Share deals

Share deals are usually formalised through private agreements that do not need to be notarised. Under these agreements, the parties agree on the terms and conditions for the transfer of shares, which generally include specific provisions on the real estate owned by the seller (e.g., representations and warranties, and conditions precedent).

The legal requirements for the transfer of shares depend on the type of investment vehicle.

Ownership

The right of ownership is governed by the Portuguese Civil Code and is the highest *in rem* right over real estate in Portugal. According to the legal definition, the owner of a property fully and exclusively enjoys the rights of use, fruition and disposal of real estate, within the legal limits.

A property may be owned individually by a single person or jointly by two or more persons, designated as co-owners, under a co-ownership regime. Under this regime, the co-owners simultaneously hold the right of ownership over the same asset, exercising their rights and obligations in proportion to their respective quotas.

In Portuguese law, it is also possible to divide a building into several independent units, under the horizontal property regime. Under this regime, the units are owned separately and may belong to different owners. The common areas of a building divided under the horizontal property regime are co-owned by all owners of the units. The division under the horizontal property regime may also apply to separate buildings or complexes under certain conditions.

There are other lawfully established *in rem* property rights, such as the surface right. This right, which does not include ownership of the land, consists of the legal right of building or keeping, permanently or temporarily, a construction on land owned by a third party, or to plant on it. At the end of the term of a temporary surface right, the building erected on the land will revert to the landowner.

Any facts that create, recognise, acquire or modify any rights over real estate are subject to mandatory registration with the land registry office, which also records the description of the property. The effects of such facts against third parties depend on this registration. Moreover, according to the principle of priority of registration, a right registered in first place prevails over any conflicting rights or acts registered subsequently.

ii Corporate forms and corporate tax framework

Corporate forms

When setting up a business in Portugal, foreign investors generally incorporate or acquire a limited liability company. The two main types of companies with limited liability in Portugal are SAs, which are public limited liability companies, and LDAs, which are private limited liability companies. Both have legal personality separate and distinct from that of their shareholders, who are not personally liable for the company's debts.

The Portuguese State Budget Law for 2021 introduced relevant tax measures changing the environment for real estate investors in Portugal. The previous distinction of the tax treatment applicable between LDAs and SAs ceased to exist (see below).

Portuguese law also provides the option to invest through partnerships, namely the general partnership, the limited partnership and the limited partnership with share capital. These are all incorporated entities with legal personality separate from that of their partners.

CIT framework

As a rule, all companies engaged in a business undertaking are taxable entities, liable for corporate income tax (CIT) under general rules, regardless of the legal form that they adopt, whether the LDA, the SA or partnerships.

Nonetheless, in certain cases companies are tax transparent for CIT purposes. This is the case, for instance, with companies 'of simple management of assets' that are either controlled by a family-owned group or are owned by not more than five shareholders.[2]

iii Direct investment in real estate

Indirect taxes on purchase

IMT

The acquisition of real estate for a consideration is subject to IMT, levied on whichever is the higher of the property's transfer value or its fiscal value registered with the tax authorities (VPT). IMT is payable by the purchaser.

A 5 per cent IMT rate applies to the acquisition of rural land. The highest rate applicable to the acquisition of urban property is 7.5 per cent (6.5 per cent for non-residential property). A 10 per cent rate applies regardless of the nature of the property if the purchaser is an entity (not an individual) with a residence or head office in a country, territory or region subject to a more favourable tax regime included in a list of blacklisted jurisdictions approved by an order of the Minister of Finance[3] or if real estate is purchased by an entity that, despite not being resident in a blacklisted jurisdiction, is under the direct or indirect domain or control of an entity that is itself tax-resident in such jurisdictions. For these purposes, an entity is deemed to be directly or indirectly dominated or controlled by an entity resident in a blacklisted jurisdiction if:

2 See below on the direct taxes applicable during the investment regarding resident companies.

3 Ministerial Order 150/2004 of 13 February, as amended from time to time.

a the entity is directly or indirectly owned, in more than 50 per cent of its share capital, by an entity resident in a blacklisted jurisdiction;
b more than 50 per cent of the entity's voting rights are directly or indirectly held by an entity resident in a blacklisted jurisdiction; or
c the entity resident in a blacklisted jurisdiction has the power to, directly or indirectly, appoint more than 50 per cent of the members of the administrative or supervisory body of the relevant entity.

Entities falling within the scope of the 10 per cent rate cannot benefit from any IMT exemption or rate reduction.

IMT is also due upon the formation, transfer or cancellation of minor *in rem* rights over real estate, such as usufruct and surface rights, at the same taxation rates applicable to the transfer of ownership but subject to special rules to determine the tax base.

Investors should take care when preparing the acquisition and drafting the supporting contractual documentation because under certain conditions IMT is also levied upon the signature of a promissory purchase and sale agreement, upon the transfer of the contractual position of the promissory purchaser in such an agreement, or upon the granting or transfer of a proxy granting irrevocable powers to sell real estate.

The two main IMT exemptions generally available to investors are as follows.

Resale exemption

The acquisition of real estate for resale purposes by a company whose corporate purpose is the acquisition and sale of real estate, and the resale of real estate acquired for that purpose, may benefit from an IMT exemption.

To benefit from this exemption, the purchaser should declare the acquisition to have been made with a view to resale and should resell the real estate without it being the object of substantial changes or different allocation, within three years of the acquisition, to a buyer who is not acquiring it with the aim of also reselling it.

This exemption may be obtained up front (and not by means of a subsequent refund) if the purchaser demonstrates that it usually carries on this activity, by means of a statement issued by the Portuguese tax authorities attesting that in the preceding calendar year the purchaser resold at least one property previously acquired with the aim of reselling or that it acquired a real estate asset with the aim of reselling it.

Urban rehabilitation exemption

An IMT exemption may apply to the acquisition of real estate for urban rehabilitation purposes for properties that were constructed more than 30 years ago or that are located in an official urban rehabilitation area.

The beginning of rehabilitation work should occur within three years of acquisition, and the works undertaken should qualify as urban rehabilitation work under the terms of the General Regime of Urban Rehabilitation or the Extraordinary Regime of Urban Rehabilitation. Moreover, the grade of preservation of the property needs to increase two levels and a minimum rating of 'good' needs to be obtained. Legal requirements on energy efficiency and thermal quality should be observed.

This exemption operates by means of a refund and is not obtained up front. For this purpose, owners of the property must apply for recognition of the urban rehabilitation work (and, consequently, the underlying exemption) upon submission of the prior notice of the rehabilitation work or the petition for the licensing of the urban rehabilitation work.

The municipality concerned is obliged to communicate this recognition to the relevant tax office for the property within 20 days of the assessment of the property preservation grade after whichever of the works or the issuing of the energy efficiency certificate occurs the later.

An IMT exemption may apply on the first transfer of the property following the rehabilitation works if it is allocated to be let for permanent residency, or, under certain conditions, intended for permanent residency purposes.

Stamp duty

The acquisition of the ownership or other minor *in rem* rights over real estate is also liable for stamp duty, at a rate of 0.8 per cent. The tax base is identical to that of IMT: whichever is the higher of the property's transfer value or its VPT.

VAT

As a rule, the transfer of Portuguese real estate is VAT-exempt, meaning that no VAT is charged upon the sale thereof. However, under certain conditions, the seller (together with the buyer) can waive the VAT exemption.

The following are the main requirements that should be met for the VAT exemption to be waived:

a The real estate must be an urban property or an independent part thereof that does not have a residential use, namely only commercial and industrial buildings and plots of land for construction.

b Both the seller and the buyer have to be VAT taxable persons that carry out activities for which they are entitled to deduct input VAT or, where they simultaneously undertake activities in respect of which VAT is deductible and those in respect of which VAT is non-deductible, the former activities represent at least 80 per cent of their business turnover in the preceding year. This 80 per cent criterion does not apply to VAT taxable persons who primarily carry out activities relating to the construction and reconstruction or acquisition of real estate for resale or rental purposes.

c The real estate must be used for activities in respect of which input VAT is deductible, namely, transactions liable to and not exempt from VAT.

d The circumstances of the real estate should match one of the following situations:
- it is the first transfer after construction, and input VAT on construction has been or may still be totally or partially deducted;
- it is the first transfer after extensive renovation or transformation (i.e., the increase of the VPT of the property by more than 30 per cent), and input VAT incurred on the renovation or transformation may still be totally or partially deducted; or
- it is the first transfer following a transaction where the VAT exemption was waived and the 20-year adjustment period of the initial deduction of the input VAT has not yet expired.

Indirect taxes during the investment

IMI

The holders of the ownership, usufruct or surface right over real estate are liable for the payment of IMI on an annual basis.

IMI is due on the VPT of the property, at rates that vary from 0.3 per cent to 0.45 per cent for urban properties, and at 0.8 per cent for rural properties, as decided on an annual basis by the municipality. IMI is assessed and due by reference to the owner as at 31 December of the relevant year, and is collected and paid in the subsequent year. An aggravated IMI rate of 7.5 per cent applies regardless of the nature of the property if the owner is an entity (not an individual) with a residence or head office in a country, territory or region subject to a more favourable tax regime included in a list of blacklisted jurisdictions approved by an order of the Minister of Finance,[4] or if real estate is owned by an entity that, despite not being resident in a blacklisted jurisdiction, is under the direct or indirect domain or control of an entity that is itself tax-resident in such jurisdictions.

Entities falling within the scope of the 7.5 per cent rate cannot benefit from suspension of IMI applicable to real estate purchased for resale.

Under certain conditions and upon proper notification to the tax authorities, real estate held with a view to resale and accounted for as inventory and stock is only liable for IMI from the third year after the acquisition, unless the property is acquired from an entity that has already benefited from this tax deferral regime. This deferral regime may also apply to property not acquired with a view to resale but accounted for as inventory or stock.

Subject to the same terms and conditions referred to above regarding the IMT urban rehabilitation exemption, real estate subject to urban rehabilitation can also benefit from an IMI exemption for three years, counted from (and including) the year of conclusion of the works. This exemption may be extended upon request for an additional five years in respect of property allocated to be let for permanent residency purposes or intended for permanent residency purposes.

AIMI

In addition to IMI, the holders of the ownership, usufruct or surface right over urban real estate are also liable for the annual payment of AIMI tax.

AIMI is due on urban property with the exception of property licensed or classified as commercial, industrial, services or other property, meaning that it applies to residential property and plots of land for construction.

AIMI is due on the VPT of non-excluded properties as at 1 January each year. The rate generally applicable to companies or assimilated entities is 0.4 per cent, except for those domiciled in blacklisted jurisdictions, to which a 7.5 per cent rate applies.

No AIMI applies to properties that in the previous year benefited from an IMI exemption or from an IMI tax deferral (see above).

4 Ministerial Order 150/2004 of 13 February, as amended from time to time.

Direct taxes during the investment and on exit

When dealing with CIT on income arising during the holding and upon disposal of real estate investments, one should distinguish between non-residents without a permanent establishment (PE) in Portugal and those operating in Portugal through a PE or a local subsidiary.

Non-residents without a PE

The concept of the PE set out in Portuguese domestic CIT law and in the double tax treaties concluded by Portugal is in line with the definition contained in Article 5 of the Organisation for Economic Co-operation and Development Model Tax Convention on Income and on Capital (the OECD Model Tax Convention).

Therefore, non-residents investing directly in the acquisition of Portuguese real estate will not be deemed as having a PE if they do not engage in a related active business activity but rather limit their investment to the holding of the property and the collection of rents arising from the corresponding lease without any services provided in relation to it.

The income obtained during the holding of the investment and on sale is liable for Portuguese CIT, pursuant both to the provisions of the double tax treaties concluded by Portugal and domestic tax law.

Income derived from the lease of the property is liable for CIT at a rate of 25 per cent. Taxable income corresponds to the gross income minus all related costs and expenses, with some exceptions. In particular, deduction of financial costs and depreciation is not allowed.

Where the lessee is a Portuguese entity bound to maintain accounting records, the gross rental income is subject to withholding tax at a rate of 25 per cent, which constitutes an advance payment of the final CIT due. To compute the year's final CIT liability, the non-resident investor shall file an annual CIT return.

Capital gains obtained upon disposal of real estate property are also liable for CIT in Portugal at a rate of 25 per cent.

The taxable gain corresponds to the positive difference between the transfer value and the acquisition value of the property. The acquisition value should be augmented by expenses incurred on property improvements in the 12 years prior to the transfer.

To the extent that the property is transferred more than 24 months after the acquisition date, the acquisition value is adjusted by a monetary correction coefficient.

If the property's VPT is higher than the declared transfer value, the VPT shall be the relevant value for capital gains purposes unless, within a special procedure that grants the tax authorities access to the bank accounts of the seller and its board members, the transferor provides evidence that the transfer value was actually lower than the VPT.

Under domestic tax law, capital gains obtained by a non-resident entity upon transfer of the shares in another non-resident company more than 50 per cent of whose value, at any time during the 365 days prior to the transfer, derives directly or indirectly from real estate in Portugal is liable for Portuguese CIT, except when the property is used in a business undertaking other than the purchase and sale of real estate.

Depending upon the circumstances, actual taxation over these capital gains may be overridden pursuant to the provisions of a double tax treaty concluded between Portugal and the state of residence of the transferor.

If CIT taxation is actually due, a rate of 25 per cent applies on the positive difference between the shares' transfer value and the shares' acquisition value (updated by a devaluation coefficient if the shares have been held for more than 24 months).

Non-residents with a PE

Under domestic law, Portuguese PEs of non-residents are liable for CIT on their income, defined as the income obtained through the PE and other income derived in Portugal from activities identical or similar to those undertaken through the PE. However, under double tax treaties concluded by Portugal, this domestic rule is overridden and the taxable income of the PE corresponds exclusively to that obtained through the PE itself.

The CIT taxable profit of a PE is generally computed in accordance with rules similar to those applicable to resident companies (see below). In practice, a PE will normally imply the registration of a branch, which has no legal existence separately from that of the head office. Although the PE is treated in principle as a separate fiscal entity, some exceptions apply.

Under Portuguese domestic law, no CIT is levied on the profits remitted by the PE to the head office.

Resident companies

Tax rates

The standard CIT rate is 21 per cent. A state surcharge is also levied on the year's taxable profits (i.e., before deduction of tax losses from prior years) exceeding €1.5 million at the following progressive rates:

a 3 per cent for taxable profits in excess of €1.5 million;
b 5 per cent for taxable profits in excess of €7.5 million; and
c 9 per cent for taxable profits in excess of €35 million.

Most municipalities also levy a local surcharge on the year's taxable profits, at rates of up to 1.5 per cent.

Tax losses

The carry-forward period for tax losses is five years for losses incurred in tax periods starting on or after 1 January 2017, except for micro, small and medium-sized enterprises, to which a 12-year carry-forward period applies.

Tax losses generated in 2020 and 2021 can be carried forward for 12 years. This period applies to large companies, as well as to small and medium-sized companies.

However, the deduction of tax losses from prior years is capped at 70 per cent of the taxable profits of each tax period. Said cap is increased to 80 per cent in respect of tax losses assessed in the tax years 2020 and 2021.

The tax years 2020 and 2021 are disregarded for the purposes of computation of the carry forward period of existing tax losses with reference to the first day of the 2020 tax year.

The right to carry forward tax losses may in certain cases be jeopardised when the ownership of more than 50 per cent of the share capital or voting rights changes.

Taxable income

The annual CIT tax base for resident entities engaged in a business undertaking results from the accounting profit or loss of the year added by certain positive and negative changes in equity not reflected in the profit-and-loss account, which is subject to certain adjustments required by the CIT law.

According to the general rule, all expenses and losses documented and incurred in the course of the business activity shall be accepted as deductible for CIT purposes.

The terms and conditions of transactions (such as intragroup funding) between related parties should follow those that independent entities in a comparable transaction would establish (arm's length), pursuant to the domestic transfer pricing rules that follow the OECD guidelines.

According to the Portuguese interest barrier rule, net financial costs are deductible only up to whichever is the higher of €1 million or 30 per cent of earnings before interest, tax, depreciation and amortisation (EBITDA) (as adjusted for tax purposes). Net financial costs that cannot be deducted in a given tax period may be carried forward for five years. Likewise, if the net financial costs, which are deductible in a given year, do not reach 30 per cent of the EBITDA, the unused deduction allowance may be carried forward for five years.

While real estate accounted for as stock or inventory is not subject to depreciation, the annual cost of depreciation of real estate accounted for as investment property under the cost model or as tangible fixed assets is accepted as a deductible cost for CIT purposes.

Land is not subject to depreciation and when the land's value is not known, 25 per cent of the acquisition value shall be allocated to the land.

As regards buildings, depreciation rates range from 2 per cent (residential and commercial properties) to 5 per cent (industrial properties, restaurants, hotels, etc.). Depreciation of equipment (if any) needs to be assessed on a case-by-case basis, depending on the underlying type of property, at rates that vary from 5 to 50 per cent. Major repairs and improvement works (defined as those that increase the value or duration of the assets that are the object of the works) may be depreciated during the expected lifetime period.

The disposal of real estate accounted for as investment property or as tangible fixed assets gives rise to capital gains or capital losses, which are included in the CIT taxable income of the company.[5] Capital gains or losses arise from the difference between the transfer value – net of inherent costs – and the acquisition value minus depreciation and impairment losses accepted for tax purposes. A monetary correction coefficient applies to the net acquisition cost of real estate held for more than two years.

Whenever the property's VPT is higher than the declared transfer value, the former will be the relevant value for CIT purposes, both at the level of the seller and the buyer. The seller may, however, demonstrate to the tax authorities that the transfer value was actually lower than the VPT of the property, although it would be required to grant the tax authorities access to its bank accounts and to the bank accounts of its directors.

Tax transparency

Resident companies investing in real estate may be tax transparent for CIT purposes; for example, companies of simple management of assets that are either controlled by a family-owned group or are owned by not more than five shareholders. These are companies that limit their activity to the administration of assets or securities held as an investment or for enjoyment, or to the purchase of buildings for the housing of their shareholders, as well as companies that also carry on other activities but whose revenue from those assets, securities or properties reaches an average over the previous three years of more than 50 per cent of the total revenues.

5 There is no separate taxation of capital gains or losses in Portugal.

Pursuant to the tax transparency regime, the company's taxable income is computed under general rules, but the taxable profits (not tax losses) are allocated and taxed at the level of the holders of the capital.

Non-resident shareholders are deemed to have a PE in Portugal, for the sole purpose of allocating the taxable income of the Portuguese tax transparent company.

iv Acquisition of shares in a real estate company

Indirect taxes on purchase

Regardless of the type of company (e.g., LDA or SA), IMT is applied if the following conditions are met:

a acquisition of shares in non-listed companies whose assets consist of more than 50 per cent of real estate located in Portugal;

b the real estate is not directly allocated to an agricultural, industrial or commercial activity (except resale); and

c by virtue of the acquisition, redemption of shares or any other facts, one of the shareholders owns at least 75 per cent of the share capital.

Regardless of the type of real estate owned (e.g., rural or urban), IMT is levied at a rate of 6.5 per cent on whichever is the higher of the property's book value and its VPT, in proportion to the stake acquired. IMT is payable by the purchaser.

The acquisition of shares in a Portuguese company is VAT-exempt and does not trigger the payment of any other indirect taxes.

Withholding tax on dividends

Under Portuguese domestic tax rules, dividends from a Portuguese resident company due to a non-resident parent company are liable for withholding tax at the domestic rate of 25 per cent.

If the recipient of the dividends is entitled to the benefits of a double tax treaty concluded between Portugal and its state of residence, the withholding tax rate may be reduced, typically to 15 or 10 per cent.[6]

Under the Portuguese participation exemption regime, dividends paid by a Portuguese resident subsidiary to a non-resident parent company may benefit from a withholding tax exemption if the following conditions are met:

a the Portuguese subsidiary paying the dividends is subject to and not exempt from Portuguese CIT and is not taxed as a CIT transparent entity; and

b the parent company:[7]

6 Applicability of the double tax treaty is subject to certain administrative requirements. To benefit up front from withholding tax relief, the income's recipient shall provide the Portuguese paying entity with an official form (Form 21-RFI) accompanied by a certificate issued by the foreign tax authorities attesting the recipient's tax residency and its status subject to tax in its state of residence.

7 To qualify for the participation exemption regime, the parent company must provide the Portuguese subsidiary with adequate evidence that the necessary requirements have been met. To comply with requirements, the parent company must provide the Portuguese subsidiary with a declaration issued by the foreign tax authorities attesting the parent company's tax residency and its status subject to tax in its state of residence.

- is resident in another EU Member State, in a European Economic Area (EEA) Member State bound by an administrative cooperation procedure in tax matters similar to that established within the European Union, or in a country that has concluded a double tax treaty with Portugal providing for the exchange of information for tax purposes;[8]
- is subject to and not exempt from one of the taxes referred to in Article 2 of the Parent-Subsidiary Directive,[9] or is subject to a tax similar to Portuguese CIT with a nominal tax rate not lower than 12.6 per cent;[10] or
- holds, directly or indirectly, a stake of at least 10 per cent in the capital or voting rights of the Portuguese subsidiary, for an uninterrupted period of at least one year prior to the distribution date of the dividends.

If the one-year minimum holding period has not yet elapsed when dividends are paid or made available (the relevant event for withholding tax purposes), withholding tax applies and as soon as that period is complete, the parent company may apply for a refund of the tax withheld.

However, the participation exemption does not apply if there is an arrangement or a series of arrangements that have been put in place with the main purpose (or one of the main purposes) being to illegitimately benefit from the participation exemption, which facilitates avoidance of double taxation (i.e., arrangements aimed at applying the exemption in cases where there is no double taxation), and that are not genuine having regard to all relevant facts and circumstances. For this purpose, an arrangement may comprise more than one step, and may be an arrangement or a series of arrangements regarded as not genuine to the extent that they are not put in place for valid commercial reasons that reflect economic reality.

The participation exemption also does not apply if the Portuguese subsidiary does not comply with the corporate obligation of maintaining a register of the ultimate beneficial owner (UBO), or if the register is complied with but the UBO is a tax resident of a blacklisted jurisdiction and the Portuguese company is not capable of demonstrating that the structure was put in place for sound business reasons (i.e., where the company cannot prove that the structure does not relate to an arrangement or a series of arrangements with the main purpose (or one of the main purposes) being to illegitimately exploit the exemption provided for the avoidance of double taxation, and that are not genuine having regard to all relevant facts and circumstances).

Taxation of capital gains

Capital gains derived by non-resident entities from the transfer of shares in a Portuguese resident company whose assets mainly consist of real estate located in Portuguese territory are liable for Portuguese CIT under domestic tax law.

Unlike resident investors, non-resident investors are not eligible for taxation relief on these capital gains, even where the property is used in a business undertaking other than the

8 For this purpose, resident status of the parent company shall result from the domestic provisions of the relevant state, and it shall not be considered resident in any other state pursuant to the provisions of a double tax treaty concluded by that state.

9 Council Directive 2011/96/EU of 30 November, on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States.

10 Not lower than 60 per cent of the standard CIT rate, which is currently 21 per cent.

purchase and sale of real estate. There is an unresolved question as to whether this is a breach of EU law, as it could constitute discrimination against non-resident investors. Depending upon the circumstances, the actual taxation may be overridden pursuant to the provisions of a double tax treaty concluded between Portugal and the state of residence of the transferor.

If CIT taxation is actually due, a rate of 25 per cent applies on the positive difference between the shares' transfer value and their acquisition value (adjusted by a devaluation coefficient if the shares were held for more than 24 months).

v Funding of the investment

Equity funding

Equity contributions made by shareholders to a Portuguese subsidiary, as well as the reimbursement of the corresponding amount, are not liable for direct or indirect taxation in Portugal, whether made to subscribed share capital or by means of supplementary capital contributions.[11]

Debt funding

Stamp duty

The granting of credit by any means, including by way of assignment of credits whenever the assignment involves any kind of transfer of funds or financing to the assignee, is subject to stamp duty on the use of credit.

Within the context of cross-border transactions, taxation is levied whenever it involves Portuguese-resident companies acting as borrowers and, as a rule, third-party loans and intragroup financing are subject to stamp duty.

As a rule, stamp duty is a one-off tax imposed on the use of credit and due and payable by the relevant borrower or beneficiary of the funds at the moment when the funds are raised, and applicable in respect of the notional amount of the credit at the following rates:[12]

a 0.04 per cent per month or a fraction thereof for credit granted for a term of less than one year;

b 0.5 per cent for credit granted for a term equal to or over a year and up to five years; and

c 0.6 per cent for credit granted for a term equal to or over five years.

In addition to its imposition on the use of credit, stamp duty may also apply to interest (at 4 per cent of the relevant amount), fees, charges or other commissions (3 per cent or 4 per cent of the relevant amount) for third-party financing. As a rule, where the transaction is not entered into nor intermediated by a credit institution, financial company, assimilated entity or by any other financial institution, no stamp duty is due on interest, fees, charges or commissions.

11 In the case of LDAs, supplementary capital contributions and, in the case of SAs, ancillary contributions in the form of supplementary capital contributions, which are non-remunerated contributions in cash made by shareholders that can only be reimbursed if the company's equity does not become inferior to the sum of the share capital and the legal reserve.

12 Where the term for the use of credit is not determined or cannot be determined, which is typically the case in overdrafts and current accounts, stamp duty is payable on a monthly basis, at the rate of 0.04 per cent imposed on the monthly average of the inter-company balance (calculated by the sum of the daily balances divided by 30).

Stamp duty is, under the law, to be borne by the entity using the credit or paying the interest, fees, charges or other commissions. Exemptions are available for intragroup funding, notably to credit granted pursuant to subordinated shareholders' loans. This exemption is applicable to credit with a term greater than one year that has the characteristics of a supply contract, granted by a parent to a subsidiary, provided that a minimum 10 per cent stake has been held for an uninterrupted one-year period prior to the granting of credit or since the incorporation of the borrower as long as the stake is held for at least one year. Moreover, credit granted under this exemption cannot be repaid before one year has elapsed since its granting.

Funding raised through the issuing of bonds is not liable for stamp duty, although taxation may arise if security is granted in relation thereto. The granting of security is also subject to stamp duty whenever granted in the Portuguese territory for the benefit of a Portuguese resident entity, or if the security is presented in the Portuguese territory to produce legal effects. The granting of security is, however, excluded from taxation if materially accessory to a taxable stamp duty event and granted simultaneously with it.

When due under the rules identified above, the stamp duty tax base is the value of the underlying security (i.e., maximum secured amount, which is normally higher than the amount of the loan), being the effective tax rate dependent on the applicable term, as follows:

a 0.04 per cent per month or fraction thereof for security with a term of less than one year;
b 0.5 per cent for security with a term of one to five years; and
c 0.6 per cent for security with a term of five years and over or without any specific term.

Under the law, stamp duty is borne by the entity required to grant the guarantee.

Withholding tax on interest

Under domestic tax rules, interest due from a Portuguese resident company to a non-resident company is liable for withholding tax, at a rate of 25 per cent.

However, if the recipient of the interest is entitled to the benefits of a double tax treaty concluded between Portugal and the recipient's state of residence, the withholding tax rate may be reduced to the treaty rate, typically 15 or 10 per cent.[13]

Under domestic rules transposing the EU Interest and Royalties Directive,[14] interest due from a Portuguese resident company may benefit from a withholding tax exemption, if the beneficial owner of the interest payment is a company of another EU Member State.[15]

For these purposes, the following conditions should be met:[16]

13 Certain documentary obligations must be met to benefit from withholding tax relief under a double tax treaty: the income recipient must provide the Portuguese paying entity with an official form (Form 21-RFI) accompanied by a certificate issued by the foreign tax authorities attesting the recipient's tax residency and its status subject to tax in its state of residence.

14 Council Directive 2003/49/EC of 3 June, on a common system of taxation applicable to interest and royalty payments made between associated companies of different Member States.

15 For these purposes, the recipient of the interest is deemed the beneficial owner if it receives the interest in its own name and account and not as an intermediary.

16 Certain documentary obligations must be met to benefit from the withholding tax exemption under the Interest and Royalties Directive: the recipient of the interest must provide the Portuguese paying entity with an official form (MOD 01-DJR) either completed and certified by the foreign tax authorities or accompanied by a certificate issued by the foreign tax authorities attesting the recipient's tax residency and its status subject to tax in its country of residence.

a both companies are subject to one of the income taxes listed in Article 3 of the Interest and Royalties Directive without benefiting from an exemption;
b both companies are in one of the corporate forms listed in the Annex to the Interest and Royalties Directive;
c both companies are deemed tax residents of an EU Member State, without being deemed tax resident in a third country under a double tax treaty; and
d the companies are considered associated entities, which is deemed verified whenever:
   - a company holds a direct minimum stake of 25 per cent in the other company, or a third company holds a direct minimum stake of 25 per cent in both the beneficiary company and the payer company; and
   - a minimum two-year uninterrupted holding period is met.

If this minimum holding period has not yet elapsed upon the interest maturity or payment date (the relevant event for withholding tax purposes), withholding tax applies, and as soon as this period has completed, the interest's recipient may apply for the refund of the tax withheld.

Where, by reason of a special relationship between the payer and the beneficial owner of the interest, or between one of them and some other person, the amount of the interest exceeds the amount that would have been agreed by the payer and the beneficial owner in the absence of such a relationship, the Directive does not apply to the excess interest. Moreover, the Directive does not apply where the majority of the share capital or of the voting rights of the beneficial owner is held, directly or indirectly, by residents of third countries, except if it is demonstrated that the chain of corporate participations does not have as one of its main objectives the reduction of the withholding tax rate.

Under a commonly used special regime,[17] non-residents may also benefit from an exemption from withholding tax on interest derived from listed bonds, namely bonds integrated in a centralised system for securities managed by an entity resident for tax purposes in Portugal (i.e., Interbolsa), or by an international clearing system managing entity established in another EU Member State (i.e., Euroclear and Clearstream Luxembourg) or in an EEA Member State, provided it is bound by an administrative cooperation procedure in tax matters similar to the one established within the European Union or integrated in other centralised systems.[18]

III REGULATED REAL ESTATE INVESTMENT VEHICLES

i Regulatory framework

In Portugal, regulated real estate investment vehicles are subject to the legal framework set out in Law No. 16/2015 of 24 February 2015, which transposed into the Portuguese legal order Directive 2011/61/EU of 8 June 2011, and Directive 2013/14/EU of 21 May 2013. Real estate investment vehicles are also subject to CMVM Regulation No. 2/2015, promulgated by the Portuguese Securities Market Commission (CMVM). These regulated vehicles take the form of undertakings for collective investments (UCIs), either of a contractual or corporate nature.

17 This regime is set out in Decree-Law 193/2005, of 7 November 2005, as amended.
18 In the last case, the competent government official must authorise the application of the special tax regime.

ii Overview of the different regulated investment vehicles

In general terms, real estate investment vehicles fall into two categories:

a the real estate investment fund (FII) – a regular investment fund either established under a contractual (REIF) or corporate form (REIC); and

b the real estate special investment fund – similar to a FII, but with a more flexible legal regime as to the eligible assets, investment policy and indebtedness.

Both FIIs and FEIIs can be either open-ended or closed-end funds. In the case of REICs, open-ended funds are designated as variable capital investment companies (SICAVIs) and closed-end funds as fixed capital investment companies (SICAFIs). Despite the structural differences, the legal regime of a SICAFI is that of a closed-end REIF, while a SICAVI follows the legal regime of an open-ended REIF.

The most significant differences between open-ended and closed-end FIIs concern the investment policy (which is stricter in open-ended vehicles than in closed-end vehicles, and stricter in public-subscription closed-end vehicles than in private-subscription closed-end vehicles); indebtedness (a higher threshold applies to closed-end FIIs); duration (open-ended FIIs are not subject to a fixed term); and investors' rights (which are severely limited in open-ended FIIs compared to closed-end FIIs; for instance, in closed-end FIIs, structural matters specified in the management rules and regulations are subject to investor approval by way of resolutions).

REICs can be self-managed or managed by a third party, whereas REIFs must always appoint an external management company. Furthermore, a minimum threshold regarding the share capital applies only to REICs and not to REIFs.

iii Tax payable on acquisition of real estate assets

No special rules currently apply regarding taxes on the acquisition of real estate assets, including IMT, stamp duty and VAT, by REIF or REIC.[19]

iv Tax regime for the investment vehicle

Corporate income tax

Portuguese FIIs[20] are subject to general CIT, but with some specific rules. The taxable income is based on the profit of the year computed under the specific accounting rules applicable to this type of entity, but most of the income that FIIs normally obtain is CIT-exempt.

19 It is debatable, however, whether a FII might benefit from the IMT exemption, and the IMI and AIMI tax deferral, regarding real estate acquired with the a view to resale. Moreover, MT is also levied upon acquisitions of 75 per cent or more of the participation units in a private-issue closed-end FII. IMT is levied at a rate of 6.5 per cent on whichever is the higher of the property's value under the mandatory evaluation report prepared for the management company or the property's VPT, in proportion to the stake acquired. IMT is due by the purchaser.

20 Although allowed under Portuguese law, in practice the use of incorporated UCIs (either SICAVIs or SICAFIs) has been unsuccessful in the Portuguese market so far. Issues such as the potential application of withholding tax relief in cross-border distributions have therefore not yet been tested. For the sake of simplification, we refer in the text to UCIs of a contractual nature (FIIs), although the same rules apply to UCIs taking the form of a company.

Exempt income includes investment income (e.g., dividends), rental income derived from the lease of real estate, capital gains, and fees and commissions, unless the income derives from blacklisted jurisdictions.

Costs related to exempt income (including underlying taxes) are not tax deductible, including financial costs related to the acquisition of the assets or the costs relating to the taxes borne upon acquisition of the assets or during investment.

The standard 21 per cent CIT rate applies to the non-exempt taxable income obtained by FIIs, but income paid or due to FIIs is not subject to withholding tax. FIIs are exempt from state and municipal surtaxes.

Stamp duty

FIIs are liable for stamp duty, due each quarter, at a rate of 0.0125 per cent on the net global value of the fund. The net global value of the fund is given by the average of the values reported to the regulator by the management company on the last day of each quarter.

v Tax regime for foreign investors

Income derived by non-resident investors from participation units in FIIs, whether upon distributions, redemption or transfer, is liable for income tax in Portugal at the rate of 10 per cent, with the following exceptions:

a for residents in blacklisted jurisdictions, dividends are taxed at 35 per cent and capital gains at 28 per cent (for individuals)or 25 per cent (for entities);

b income paid or made available in jumbo accounts[21] is taxed at 35 per cent; and

c non-resident entities with more than 25 per cent of their participation units or shares held by residents, except residents in the European Union, EEA Member States or in countries with a double tax treaty with Portugal providing for the exchange of information for tax purposes, are taxed at 25 per cent.

IV REAL ESTATE INVESTMENT TRUSTS AND SIMILAR STRUCTURES

i Legal framework

A legal structure similar to the real estate investment trusts (REITs) already available in other international markets was not available in Portuguese law until early 2019 and this was greatly anticipated by national and international investors. The Portuguese government enacted Decree Law No. 19/2019 of 28 January 2019 (Decree Law 19/2019), approving the legal framework for real estate investment and management companies (SIGIs).

However, the need to amend the initial version of this regime was recognised from the outset, and this was done with the enactment of Law No. 97/2019 of 4 September 2019 (Law 97/2019).

As well as introducing significant changes and clarifications to the SIGI legal and tax regimes, Law 97/2019 provided the legal certainty needed to overcome most of investors' initial concerns. Unlike UCIs, SIGIs are not subject to specific regulatory supervision by the CMVM. However, once a SIGI becomes a listed company, it falls under the supervision of the CMVM and is subject to market transparency requirements.

21 Accounts opened in the name of one or more account holders acting on behalf of one or more unidentified third parties, in which the relevant beneficial owner of the income is not identified.

ii Requirements to access the regime

To acquire SIGI status, a company's corporate purpose must be the acquisition or holding of the following:

a real estate assets, or surface or equivalent rights over them, for leasing purposes, including agreements that include the services necessary for the use of the underlying real estate asset (e.g., when the real estate asset is used as a store or a space in a shopping centre, or as office space);[22]

b stakes in other SIGIs or in companies incorporated in the European Union or in the EEA with similar activities and features;

c stakes in UCIs with an income distribution policy identical to that of the SIGI; and

d stakes in real estate investment funds for residential letting or in companies for residential letting,[23] with an income distribution policy identical to that of the SIGI.

The SIGI must be incorporated as an SA, with a minimum subscribed and fully paid-up share capital of €5 million. SIGIs may be incorporated with or without a public subscription offer of shares, or through conversion from a previously existing public limited liability company or UCI into a SIGI.

All the SIGI's shares must be admitted to trading on a regulated market or multilateral trading facility in Portugal or any other country in the European Union or the EEA within one year.

From the third and fifth calendar years following admission to trading on a regulated securities market or multilateral trading facility (and not immediately after that admission, as was required under the initial regime), the SIGI's share capital must be diluted by up to 20 per cent and 25 per cent respectively, through a number of shareholders carrying a maximum of 2 per cent of voting rights.

As from the second year after incorporation, the SIGI must comply with the following requirements:

a the value of rights over real estate and admitted shares or participation units must represent at least 80 per cent of the total assets' value; and

b the value of rights over real estate subject to lease or other forms of commercial exploitation must represent 75 per cent of the total assets' value.

The SIGI must hold the assets for a minimum of three years. Within nine months of the end of each financial year, the SIGI must distribute as dividends at least:

a 90 per cent of profits resulting from dividends and distributions from shares or participation units; and

b 75 per cent of other remaining distributable profits.

Within three years of the sale of assets allocated to its main activity, the SIGI must reinvest at least 75 per cent of the corresponding net proceeds in other assets with the same purpose.

22 SIGIs are allowed to develop construction and refurbishment projects on real estate assets available for lease.

23 FIIAHs and SIIAHs respectively.

iii Tax regime

Following the amendments made by Law 97/2019, Decree Law 19/2019 expressly determined that the SIGI and its shareholders are subject to the income tax regime for UCIs (see Section III.iv).

However, under a specific rule applicable to SIGIs, to qualify for the exemption on capital gains earned from the sale of real estate assets, the assets must have been held for lease purposes for a minimum of three years.

Although it was initially expected that SIGIs would also be liable for stamp duty on the net value of their assets under rules similar to those applicable to UCIs, Law 97/2019 does not specifically state that the UCI stamp duty taxation rule shall apply to SIGIs. It may be concluded therefore that SIGIs are not subject to stamp duty and, in our view, this position is supported by the fact that SIGIs do not assume the nature of UCIs and are not subject to the same legal regime.

V INTERNATIONAL AND CROSS-BORDER TAX ASPECTS

i Tax treaties

Portugal currently has a network of 80 double tax treaties, which generally follow the OECD Model Tax Convention.

Most of the double tax treaties concluded by Portugal already include a provision[24] granting to the state where the real estate is located (the source state) the right to tax capital gains derived by non-resident investors from the transfer of shares in companies whose value mainly derives from real estate located in the source state.

The number of double tax treaties including such a provision will increase as soon as the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI) produces its effects over the double tax treaties signed by Portugal, although it is noteworthy that the treaties signed with Luxembourg and the Netherlands, both important investment centres, will be exceptions.[25]

Portugal was one of the 70 initial signatories of the MLI on 7 June 2017 and, following completion of the domestic approval procedures, Portugal deposited its MLI ratification instrument with the OECD on 28 February 2020, and the MLI entered into force on 1 June 2020.

ii Cross-border considerations

Under Portuguese law, there are in general no restrictions on the ownership of real estate and the acquisition of shares in Portuguese companies by non-residents or foreign investors.

However, non-resident investors may be required to comply with certain formalities, such as obtaining a Portuguese taxpayer number or appointing a local tax representative in the case of non-EU domiciled investors.

There are no foreign exchange controls in Portugal.

24 Article 13 of the relevant treaty (capital gains).

25 The double tax treaties with Luxembourg and the Netherlands grant the residence state (i.e., Luxembourg and the Netherlands) exclusive taxation rights over the capital gains, and that will remain unchanged under the MLI.

iii Locally domiciled vehicles investing abroad

Apart from a number of other points of interest to foreign investors, from a tax perspective, the main advantages that make Portugal an attractive platform for real estate investments abroad are twofold:

A full CIT exemption on dividends and capital gains on the disposal of shares is available for Portuguese resident companies under the participation exemption regime. The repatriation of profits out of Portuguese companies may also benefit from a withholding tax exemption.

There is a CIT exemption for most of the income derived by Portuguese UCIs (either in the form of real estate investment funds or real estate investment companies) and REITs (SIGIs), and a 10 per cent tax rate on income obtained by non-resident investors in these vehicles.

VI YEAR IN REVIEW

As expected, the year was inexorably marked by the covid-19 pandemic. Notwithstanding, the real estate market has been one of the resilient sectors, with great direct and indirect contribution to the level of economic activity in the current economic context.

We would highlight Case 38/2017, which was sanctioned by order of the Secretary of State for Tax Affairs 107/2020-XXII (9 March), whereby the Portuguese tax authorities clarified in several areas how to interpret the current tax regime for collective investment undertakings regarding income derived from construction and rehabilitation projects, and sale of real estate.

The underlying question concerned the income that investment funds obtain from carrying out the commercial activity, and the Portuguese tax authorities confirmed that any gains that real estate investment funds make from selling real estate are excluded from CIT.

As to new legislation in the sector, it is impossible not to refer to the recent tax measures introduced by the Portuguese State Budget for 2021:

a the IMT on the acquisition of shares of SAs;

b the increase in rates of IMT and IMI concerning real estate acquired and owned by entities directly or indirectly dominated or controlled by entities resident in blacklisted jurisdictions; and

c the inapplicability of IMT and IMI exemptions or reductions to the entities referred to in (b).

These tax measures are expected to have a significant impact not only on the real estate sector but also on other sectors of activity whenever real estate is owned in Portugal.

Also, on 21 July 2020, Law 26/2020 transposed Directive (EU) 2018/822 of 25 May (DAC6) into Portuguese law, thus introducing a set of rules on the automatic exchange of tax information for certain transactions and structures (known as 'mechanisms'). According to DAC6, intermediaries established in the EU are obliged to report cross-border arrangements. However, Law 26/2020 went further and has extended the reporting obligation to domestic mechanisms.

This regime will impact real estate investment structures and establishes a new obligation to report to the Portuguese tax authorities potentially aggressive tax planning arrangements, which are defined in broad terms and include arrangements that do not necessarily have a tax advantage as one of their main benefits.

VII OUTLOOK

The coming year will continue to be marked by the inexorable economic impact of the covid-19 pandemic – inevitably a severe economic downturn, but one whose full extent is still uncertain.

During 2020, one trend was the anticipated debt restructuring, and renegotiation of leases and other store utilisation contracts.

While there is uncertainty about the medium- to long-term effects of this crisis, 2021 will most certainly be marked by the effects of the unpredictable tax measures affecting the real estate sector that were approved by the State Budget for 2021. During the first quarter, investment restructurings were a trend, with an expected increase for the remainder of the year.

In the meantime, as the new IMT and IMI rules affecting the real estate sector raise several interpretative questions, certain amendments are to be expected. In any case, this is a new potential area of litigation with the tax authorities.

Appendix 1

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ISBN 978-1-83862-820-8