



NHR 2.0 | Regulation of the new Tax Incentive for Scientific Research and Innovation

I – Legal Framework

As widely discussed, the State Budget Law for 2024 revoked the tax regime applicable to "Non-Habitual Residents" and introduced a new Personal Income Tax ("IRS") regime, called Tax Incentive for Scientific Research and Innovation ("IFICI" or "NHR 2.0").

This regime applies to IRS taxpayers who (i) become tax residents in Portugal, (ii) have not been tax residents in this country in the 5 years prior to the change of residence and (iii) carry out one of the following activities:

- Teaching in higher education / scientific research;*
- Professions considered to be "highly qualified";*
- Work in companies with relevant applications, which benefit or have benefited from the research support tax regime ("RFAI");*
- Work in "industrial and service enterprises" that export at least 50 % of their turnover;*
- Work (or members of corporate bodies) in entities recognized by AICEP, E.P.E. or IAPMEI, I.P.;*
- Work (or members of governing bodies) in entities certified as start-ups.*

Once the above conditions are met, taxpayers will benefit from a considerably more favourable IRS taxation regime than the rule regime. Specifically:

a) Income obtained in Portugal, arising from dependent work (Category A) or business and self-employment activities (Category B) will be taxed at the special IRS flat rate of 20 %, for a period of 10 consecutive years from the year of registration as residents in Portugal; and

b) Foreign-source income arising from dependent work (Category A), business and self-employment activities (Category B), capital income, such as dividends and interest (Category E), real estate (Category F), capital gains (Category G) and pensions (Category H) should be noted that income paid by entities domiciled in a country, territory or region subject to a clearly more favourable tax regime does not qualify for the above-mentioned exemption.

II - Ordinance No. 352/2024/1, of 23 December

On 23 December 2024, Ordinance No. 352/2024/1, regulating the essential aspects of this regime, was finally published. We list below the main measures now made known by the Ordinance:

1. Taxpayers must register for the regime by 15 January of the year following the year in which they become resident in Portugal (however, for income earned in the year 2024, the application for registration can be submitted until 15 March 2025);

2. Depending on the activity carried out, applications for registration must be submitted to one of the following entities: FCT, AICEP, Tax and Customs Authority, IAPMEI, National Innovation Agency or Startup Portugal;

3. The "highly qualified" professions eligible for the scheme are:

- Managing directors and executive managers of companies
- Directors of administrative and commercial services
- Production and specialist service managers
- Experts in the physical, mathematical, engineering and technical sciences
- Industrial or equipment product designers
- Doctors
- University and higher education teachers
- Information and communication technology specialists
- Administrators, managers and general directors of RFAI Beneficiary Companies

4. The CAEs of the "industrial and service companies" that qualify for this regime are detailed. Generically, these include:

- Extractive industries;
- Manufacturing;
- Information and communication activities;
- Research and development of the physical and natural sciences;
- Higher education;
- Human health activities.

5. The documents to be presented by taxpayers at the time of registration in the scheme are also detailed (among others, a copy of the employment contract/scholarship and proof of academic qualifications).

For any questions or concerns regarding this topic, do not hesitate to contact the Tax team of pbbr – Sociedade de Advogados, SP, RL.

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