



INFORMATIVE NOTE 

STARTUP Portugal

Non-Habitual Resident 2.0

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The **new Fiscal Incentive for Scientific Research and Innovation** - known as the Non-Habitual Resident Status 2.0, as the characteristics to the previous system are evident - offers a unique set of tax benefits under IRS to workers and members of the social bodies of entities certified as Startups in Portugal.

This category is expected to be one of the main highlights of the new legislative changes, but several questions remain: what is a Startup? And how can proper certification as such be obtained?

What is a Startup?

The concept is defined by Law No. 21/2023, of May 25, and is attributable to any company that:

- Has been in operation for a period of less than 10 years;
- Employs fewer than 250 workers;
- Has an annual turnover that does not exceed 50 million euros;
- Does not result from a transformation or split from a large company and does not have any direct or indirect majority participation from a large company in its capital;
- Has its headquarters or permanent representation in Portugal or at least 25 workers in Portugal; and
- Meets one of the following conditions (described on the next page).

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What is a Startup? (cont.)

Comply with one of the following conditions:

I. Be an innovative company with high growth potential, with an innovative business model, products, or services, falling within the terms defined by Ordinance No. 195/2018, of July 5, or to which suitability has been recognized by the National Innovation Agency, in the practice of research and development activities or certification of the recognition process for companies in the technology sector;

II. Have completed at least one round of venture capital financing by a legal entity authorized to invest in venture capital subject to the supervision of the Portuguese Securities Market Commission (CMVM) or a similar international authority, or through the contribution of capital or quasi-capital instruments by investors who are not founding shareholders of the company, namely by business angels certified by IAPMEI;

III. Have received investment from Banco Português de Fomento, S.A., or funds managed by it, or by its subsidiary companies, or from one of its capital or quasi-capital instruments.

Alternatively to the conditions provided, Startups may request a prior declaration from Startup Portugal confirming that the applicant has an innovative business model, products, or services, or a business that is rapidly scalable and has high growth potential.

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And how can proper certification as such be obtained?

Portuguese Startups are recognized through a prior communication procedure with Startup Portugal. Candidate Startups will need to provide several elements:

- Complete identification, according to the National Register of Legal Entities, and the date of commencement of activity;
- Number of employees;
- Turnover for the previous financial year. Alternatively, Startups with recent activity should indicate the number of employees registered with Social Security in the previous month and the estimated turnover in the activity commencement declaration;
- Proof that the company does not result from a transformation or split from a large company and does not have any direct or indirect majority participation from a large company in its capital.

Additionally, Startup Portugal will request documents proving that the company has an innovative business model, product, or service, or a business that is rapidly scalable and has high growth potential.

The certification from Startup Portugal is issued within 5 days after the submission of a successful request, accompanied by all relevant forms and documents, and is valid for a period of 3 years.

EMPRESAS

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Employee or a member of the social bodies of a Startup in Portugal

If you are an employee or a member of the social bodies of a Startup in Portugal and have not been a tax resident in Portugal in the previous five years, and if you become a tax resident in Portugal starting from 2024, you will be entitled to:

- A flat rate of 20% on income from dependent or entrepreneurial work from Portuguese sources;
- Exemption on foreign income from various categories, including income from dependent work performed abroad, income from independent work performed abroad, rental income abroad, and capital gains from assets located abroad.

It's worth noting that the new regime does not offer any benefits regarding pension income, and income from jurisdictions included in the Portuguese list of tax havens may be subject to a flat rate of 35%.

Additional benefits

However, there are additional benefits that should be analyzed on a case-by-case basis, based on the following premises:

- Startups in Portugal benefit from a reduced Corporate Income Tax (IRC) rate of 12.5% (in Continental Portugal) or 8.75% (in Madeira) on the first €50,000 of taxable profit;
- Non-EU workers and members of the board of directors of Startups are eligible for an accelerated residence permit procedure."

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For further clarification regarding the establishment, certification, and maintenance of your Startup in Portugal, as well as the registration as a resident in Portugal and the immigration/residence permit acquisition process.

XL Conta can assist!

Feel free to contact us without hesitation

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