

PRESS RELEASE

PORTUGAL RESIDENCE-BY-INVESTMENT PROGRAM UPDATES

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Portugal's Golden Visa Program achieves significant success in first two years

The Portuguese Golden Residence Permit Program (Golden Visa) is a five year investment-based residence program for non-EU nationals. The residence permit allows free circulation in the Schengen Zone of 26 states and only requires an average of seven days per year stay in Portugal over this period, which can also count towards citizenship eligibility after six years.

The program was launched in October 2012 as a tool to attract foreign direct investment into Portugal. Up to the end of September 2014, over 1,500 Golden Visas had been issued, with a total investment of €950 million, of which Chinese citizens (80%) were the largest applicant group, followed by Russians (50 visas).

The investment can be made directly through an individual or a company in an EU member state with a presence in Portugal. The real estate investment option is €500,000, the Capital Transfer is €1M, and the job creation option requires the creation of 10 jobs. These are interchangeable. There is a physical presence requirement of seven days in Portugal in the first year, then 14 days over a period of two years.

The Portuguese Vice-Prime Minister, Paulo Portas, says the program has already exceeded the objectives set down by the Government in its first two years, "In 2013 it achieved around €300M, which was 50% over the objectives that I had outlined in Parliament, and in 2014, with still a quarter to go, it has exceeded the €500M target by far," he says.

Capital Gains and Investment Income Tax Exemptions for NHR Tax Regime applicants

The Non-Habitual Residents Tax Regime (NHR) is a ten year tax regime for foreigners who live in Portugal either permanently or temporarily. It does not require an investment and has been created to attract highly qualified talent, pensioners and also high net worth individuals to Portugal.

Key benefits of the regime include: a 20% flat tax rate; tax exemption on foreign income; no wealth tax in Portugal; and 100% gift and inheritance tax exemption for spouses, descendants and parents.

The Portuguese Government is now considering extending this tax exemption to Capital Gains and Investment Income taxation, which would make residence in Portugal even more attractive.

The news was announced at a joint Portuguese Government / Henley & Partners seminar on Portugal's Golden Residence Permit Program and Non-Habitual Residents Tax Regime for non-EU citizens in Lisbon in October.

The regime for Capital Gains exemption will be similar to the one that exists for taxes on pensions, which has attracted many retired people to the country to enjoy 0% taxation on their pensions for 10 years. Since 2012 over 2,000 citizens, mainly from France, the United Kingdom and other EU countries, have bought property in Portugal, mostly for holiday or second home purposes.

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About Henley & Partners

Henley & Partners is the global leader in residence and citizenship planning. Each year, hundreds of wealthy individuals, families and their advisors rely on their expertise and experience in this area.

The concept of residence and citizenship planning was created by Henley & Partners in the 1990s. As globalization has expanded, residence and citizenship have become topics of significant interest among the increasing number of internationally mobile entrepreneurs and investors who work with Henley & Partners.

The firm also runs a government advisory practice, and have been involved in strategic consulting and the design, set-up and operation of several of the world's most successful residence and citizenship programs which attracted have more than US\$3.8 billion in foreign direct investment to date.

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