



Herman van Katwijk
Quinta da Fonte
Cx.P. 1534 - Calvos-Rossas
4850-286 Vieira do Minho
Portugal.
Tel. (00-351) 253 657 380
Mobile: (00-351) 938 512 197
E-mail: calvoscasas@oniduo.pt

Essential information about buying property in Portugal:

Purchase/procedure/taxes.

The purchase or restoring of real-estate in Portugal is a lot more complicated than in the most European countries, but with the help of the right person, it can be easily achieved.

After you found a suitable house or a construction-site, then the proper purchase-process will begin. The notary in Portugal merely registers and does not execute the check-ups on your behalf. This task will be done by a lawyer or your real-estate agent.

Power of attorney.

Because it takes a lot of time before you can get the necessary information of the Land Registry Office and to provide for the final title-deed, usually a power of attorney will be made.

With this power of attorney your real-estate agent can look after your case. This power of attorney can be provided by a notary in Portugal or by the Consulate of Portugal in your country. We have sample documents (with translation) available for you.

Fiscal number.

For all the official actions, you need to be in possession of a fiscal number, which we can provide for you. You will have to appoint a representative in Portugal, when you are not remaining here yourself permanently, usually the same person who you have granted power of attorney to.

Provisional Purchase (Promessa de compra e venda).

With the signature of the Provisional Purchase also an initial payment has to be made. Mostly this is 10% of the selling price, but one can negotiate.

In case that the buyer pulls out of the final purchase, he loses the initial payment; but if the seller no longer wants to sell, then the seller has to pay the buyer the double amount of the initial payment.

For that reason the initial payment sometimes will be set higher to give the seller less incentive to look for other buyers with better offers.

Inquiry of title.

With the Land Registry Office we check if the title-deed and the description of the real-estate is correct and if there are any outstanding mortgages or if "there are any snags in it", which will cause a problem with the purchase.

Also the Tax-office will be informed whether there are not any debts on the real-estate.

Transfer tax.

Transfer-tax formerly was called SISA, but is now called IMT (Imposto Municipal sobre Transmissões) and this tax has to be paid BEFORE the signing and authorization of the purchase-deed with the notary.

The IMT amounts 5% of the given value of all the purchases of the real-estate (except construction-sites).

With the purchase of a house one does not have to pay IMT on properties up to the value of 80.000 Euro. After that one pays 5% (it depends of the total given value of the purchase).

Signing/Authorizing the deed.

The deed is signed and authorized by a notary, who checks if the IMT has been paid and all necessary documents are available.

After the deed has been signed and authorized, the real-estate has to be registered by or on behalf of the buyer with the Land Registry Office and the Tax-office has to be notified.

Taxes:

In case of buying your first real-estate in Portugal for a permanent stay, there will be acquired an exemption up to a maximum of 6 years in relation to the (low) tax of real-estate.

When you are selling your real-estate, you have to pay a Tax of Fortune-increase (Mais Valias) over 50% of the profit (with deduction of proved costs and a percentage of inflation).

A maximum of Income-tax in Portugal (P.A.Y.E. for the U.K.) is 42%.

Running a car

If you wish to run a car in Portugal then you have to pay a Municipal-tax for the use of the car. This depends on the age and capacity of cylinder of the car. One pays more or less between 15 and 100 Euros once a year.