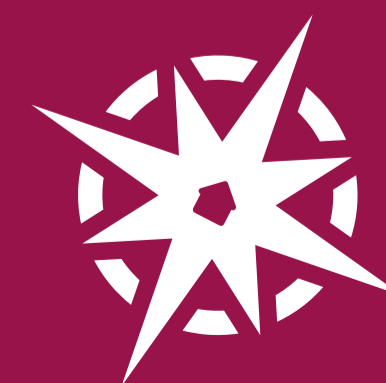


UCI



# Buying Property in Portugal: A Guide for Non-Residents





# My project for a new home in Portugal

Find out what our customers say about us, through EKOMI's testimonials.

## In this guide, you will learn:

- ✔ Why you should buy a property in Portugal;
- ✔ What tax benefits may apply;
- ✔ What is the process for purchasing a property in Portugal;
- ✔ What are the costs involved;
- ✔ How to qualify for a mortgage loan;

In this **interactive guide**, we will help you take the necessary decisions to purchase your home. **To start your project, just click here.**

**Do you want to get started?** 

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# Why should you read this guide?

If you want to buy a property in Portugal, applying for a mortgage may seem complicated, but with some guidance, it will be worth it.

The climate, good food, hospitality, low cost of living, and tax benefits make Portugal a great holiday destination and a great place to live.

If you are considering buying a property in Portugal or even applying for a mortgage, get to know what's important.



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Click to  
proceed

**1** #

# Why you should buy a property in Portugal;

It is normal to have questions when you are thinking of buying a property abroad. The desire to buy a holiday home, or even one to live in, can generate some doubts, but we are here to help you take this step.

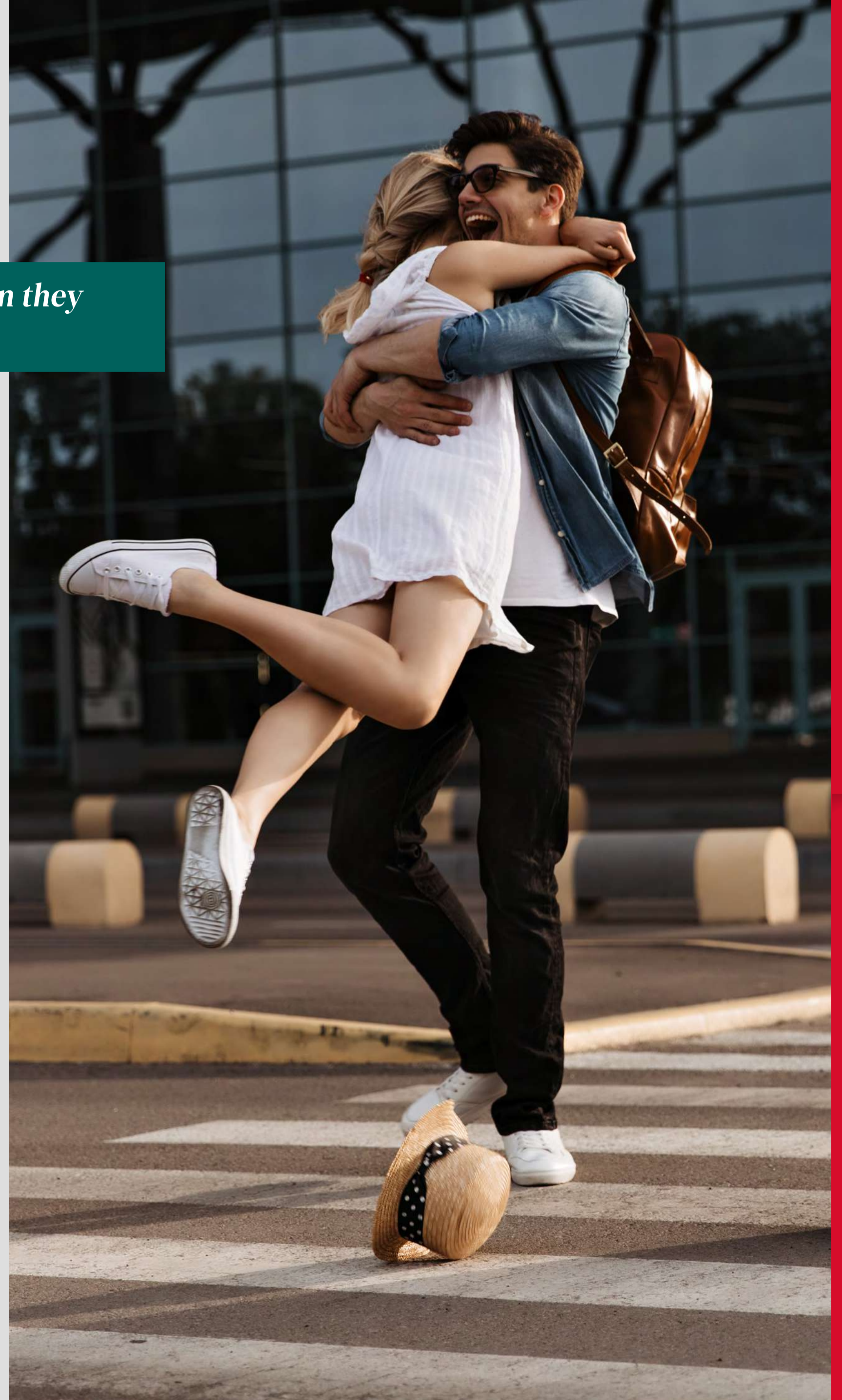
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## 1# *Why you should buy a property in Portugal*

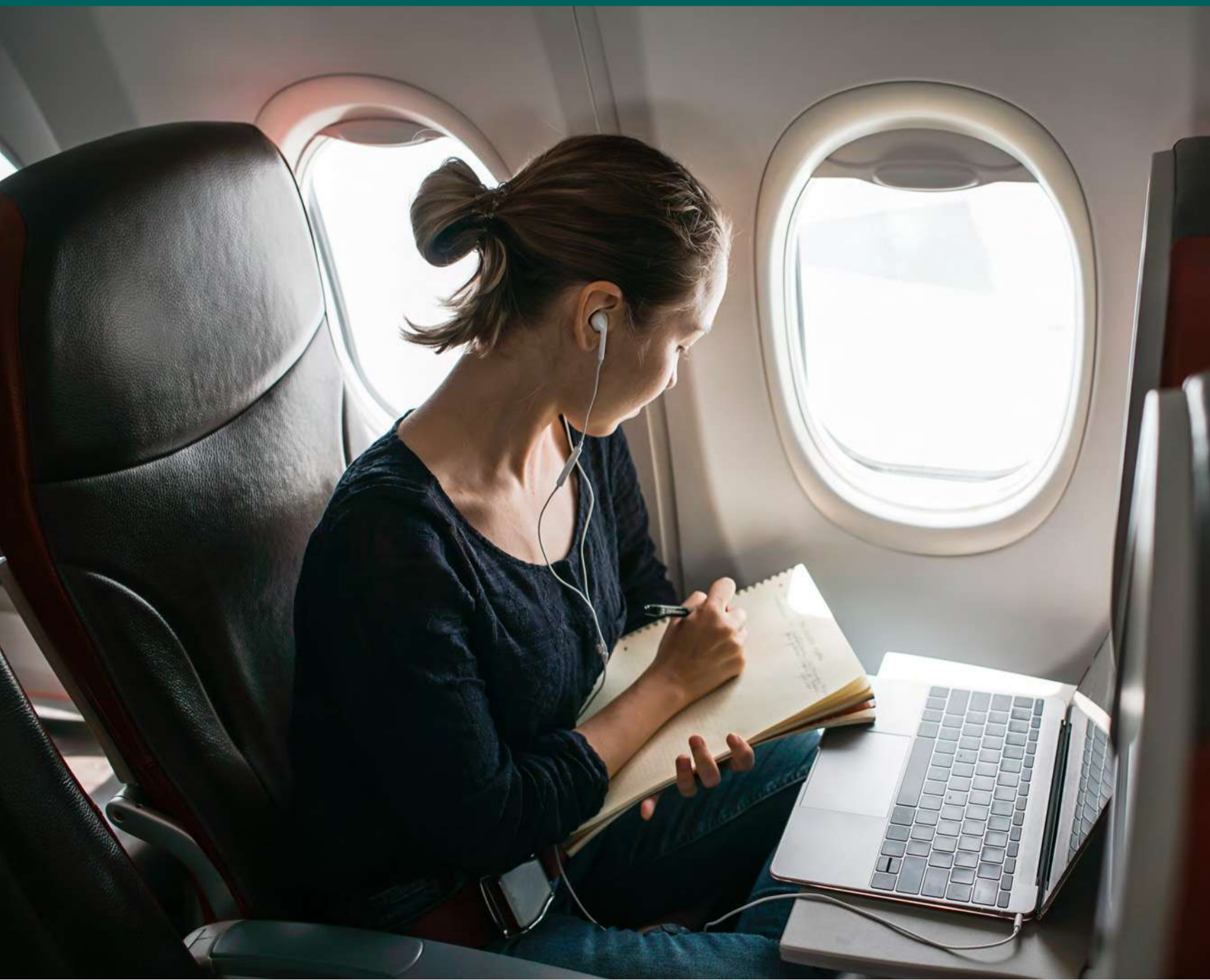
*Here are some of the concerns non-residents express when they are thinking of buying property in Portugal:*

- **Am I making a good investment?**
- **Will I lose money?**
- **What if my family doesn't like it?**
- **I am not familiar with the language or with Portuguese law, so how do I obtain resident status?**
- **What cost do I have to pay?**
- **Am I getting a good deal?**



# So, where do I start?

*Above all, you should know that there are several reasons for buying a property in Portugal.*



## >> Portugal knows how to welcome you

Portuguese people are known for being welcoming and are good at speaking foreign languages. In addition, Portugal is a very safe country not only to live in and feel part of the community but also to invest.

## >> Excellent location

Portugal is a short flight away from most European capitals and has frequent connections to major cities around the world. It is the ideal destination not only for long stays but also for short off-season breaks.

## >> A lot to be discovered

Portugal is a country of vibrant cities, culture, fine cuisine, breathtaking landscapes, a coastline of white sandy beaches, and a countryside with much to be discovered. Also, there is the climate factor, with hot, sunny summers and mild winters.

## >> Cost of living

With an affordable cost of living, Portugal offers a great quality of life and also excellent opportunities in real estate.



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# 2# Deciding what to buy.

Before you decide which property to buy in Portugal, there are relevant questions to be asked that can help you in this step.

## Two essential things to take into account

1. Why are you buying a property?
2. How will you be using the property?

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## 1# Why are you buying a house?

**The first question you should ask yourself is:**  
What is the reason behind buying a property in Portugal?

- » Do you want to have a holiday home to enjoy the sun and the beaches?
- » Do you want to live the hustle and bustle of Portuguese cities and culture?
- » Do you want to have a calmer lifestyle in communion with nature?
- » Do you want to make a real estate investment and sell it later?
- » Do you plan to keep on working or to open your own business in Portugal ?
- » Do you want to live your golden years in a more relaxed manner?



### Tips

**Going through these questions, and answering them, can help you better understand why you want to buy a property in Portugal and in which region you can start looking for your dream home:**

- ✓ *In the south, where beaches and sun are the main attraction?*
- ✓ *In the north, where nature and tranquillity reign supreme?*
- ✓ *In big cities like Lisbon or Porto, where the action takes place?*
- ✓ *Or in the central part of the country or the countryside where there is still a lot to be discovered?*



## 2# How will you be using the property?

**Another important question is how you will be using the house:**

- » For short-term tourist rental?
- » For a month or two during summertime?
- » For retirement?
- » As an investment?
- » For work?
- » Will it be a property for your whole family or just to occasionally host friends?



### Tips

**Knowing what you are looking for when buying a property in Portugal allows you to define important aspects such as:**

- ✓ *The location of the property: near the city, next to the beach, in the countryside, close to transportation, not far from your workplace;*
- ✓ *Its floor area, in square meters: a house with a lot of space, or a cozy house;*
- ✓ *The number of bedrooms: 1, 2, 3 or more;*
- ✓ *The distance from the city centre, main services, and airports.*

**Now when visiting properties, you already know what the house needs to have or not:**

- ✓ A large livingroom for the whole family;
- ✓ An office;
- ✓ A garden;
- ✓ A spacious balcony;
- ✓ A swimming pool;
- ✓ A garage;
- ✓ A guest room.

## >> How much do you want to invest versus how much can you spend?

Another important aspect is to define the limits of your investment for purchasing your property in Portugal.

So, it is important to know exactly how much you can spend and where the money will come from.

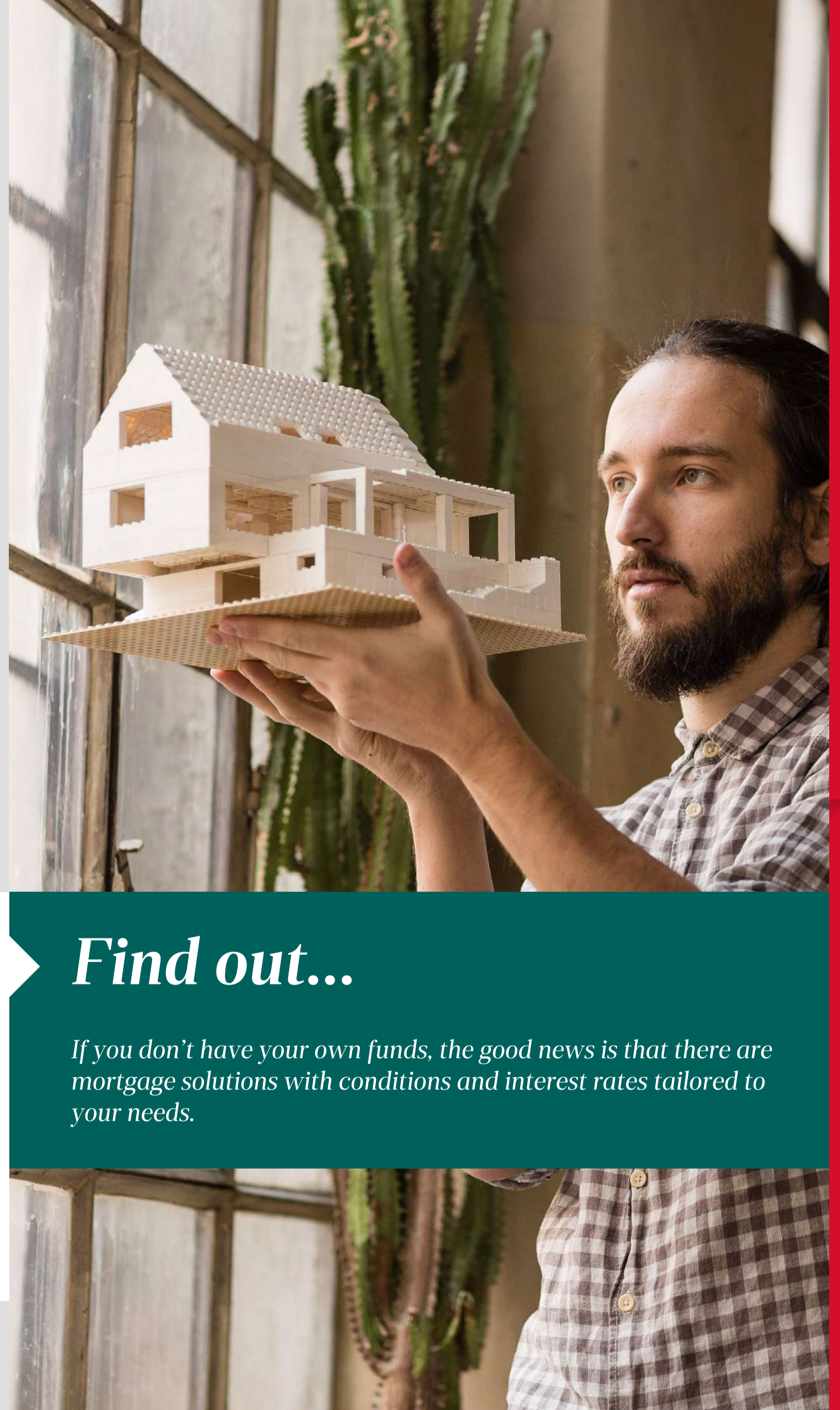
- >> From savings?
- >> From selling another property?
- >> Will you need a mortgage loan?

## *Do you already know...*

- >> Are you requesting the loan in the country you currently live in or in Portugal?
- >> What are the costs involved in buying a house in Portugal?
- >> Do you have the necessary funds for the costs (between 10% to 20% of the purchase price)?

## *Find out...*

*If you don't have your own funds, the good news is that there are mortgage solutions with conditions and interest rates tailored to your needs.*



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**3#**

## Tax Benefits and Incentive programs.

From the Golden Visa programme to the special tax scheme for Non-Habitual Residents, Portugal is an attractive destination to buy a house.

**Would you like to know more?**

**We will explain everything regarding**

- > Non-habitual Resident tax scheme
- > Golden Visa

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# 1# Non-habitual Resident Tax Scheme

## How does it work?

The **non-habitual resident** status in Portugal grants tax advantages for those who establish their tax residence in the country.

The **non-habitual resident** status can be requested by anyone who meets the following requirements:

- ✔ Be a foreign citizen or Portuguese citizen.
- ✔ Have had your tax residence outside Portugal in the five years prior to the application.
- ✔ Be willing to set up your tax residence in Portugal.
- ✔ Have high-added-value training or professional experience.

## Tips

*The application for registering as a non-habitual resident should only be made after registering as a resident in the Portuguese territory (if it has not been done already). Thus, the first step towards becoming a non-habitual resident may be to request your Portuguese Tax Identification Number (TIN), if you do not have one. By filling in the address, you will be classified as a resident or non-resident in Portugal, and to benefit from non-habitual resident status, you will have to change your status to tax resident.*

*If you already have a non-resident Portuguese TIN (known locally as NIF), you will have to change your tax address to become a tax resident in Portugal. Only then you will be able to proceed with the registration and application for the non-habitual resident status.*

*To be considered a resident you must stay in Portugal for 183 days (continuous or interpolated) or, alternatively, prove that you have your own house that serves as the main residence.*



## Benefits

The non-habitual resident status entitles you to tax benefits for ten years, provided that during those ten years you are always considered as a resident.

### During this period, non-habitual residents benefit from the following tax advantages:

1. 20% income tax (IRS) on wages and self-employed work if you have a high-value-added profession of a scientific, artistic, or technical nature;
2. 10% income tax (IRS) on pensions for those registered after 31 March 2020;
3. Income from work not resulting from a high-value-added activity, and income from other sources are taxed in accordance with the general rules on the income tax (IRS);
4. Income is subject to withholding tax at the rate of 20%.

**Note:** The benefits indicated above are subject to changes



## Applications

*The application can be done online on the Tax Authority website or through a specific form application until 31 March of each tax year.*



## 2# Golden Visa

### How does it work?

The Golden Visa is a scheme to obtain residency through investment.

In practice, it is a scheme to obtain nationality in a diligent manner. The country approves these visas faster in order to boost capital inflows through the investments made by the participants in this scheme.

### The Golden Visa scheme includes the following investment options in the country:

- ✓ Investment in residential real estate in the inner regions of the country, Madeira and Azores, starting at 500 thousand euros and for rehabilitation starting at 350 thousand euros;
- ✓ Capital transfers starting at 1 million and 500 thousand euros.
- ✓ Capital transfers for research activities developed by public or private scientific institutions, starting at 500 thousand euros;
- ✓ Capital transfers for the acquisition of investment units in funds or venture capital funds dedicated to capitalize companies under Portugal legislation, starting at 500 thousand euros.
- ✓ Capital transfers for the incorporation or capital increase of a company starting at 500 thousand euros, combined with the creation of 5 jobs.
- ✓ Proving the creation of at least 10 permanent job opportunities in Portugal.
- ✓ Investment or support to artistic production, recovery or maintenance of national cultural heritage starting at 250 thousand euros.

**Note:** The benefits indicated above are subject to changes



### Tips

A Golden Visa Portugal holder only needs to stay in the country 7 days during the first year and 14 days in subsequent years.

## Benefits

The Golden Visa option is ideal for those seeking flexible and fast access to investment opportunities in Portugal

### Once the Golden Visa is obtained, it entitles you to:

1. Live in Portugal;
2. Work in Portugal;
3. Move freely, with a visa waiver, within the Schengen area;
4. Possibility of obtaining a Permanent Residence Permit after five years, with no expiration date;
5. Use the right to reunify your family.

**Note:** The conditions specified may be subject to change.

## Applications

*Golden Visa applications are made with  
Immigration and Border Control (SEF).*



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**4#**

# How the home buying process works in Portugal.

Did you start but already feel overwhelmed?  
Don't worry, the process of buying a property in Portugal is simple and safe.  
We will help you better understand the process and know what you should consider.

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## 4# How the home buying process works in Portugal.

### >> Advice...

An important aspect to remember when buying a property in Portugal is to turn to professionals and specialists for support when going house shopping.

Either through the real estate agency from which you are buying the house (most real estate agencies have legal advice and skilled professionals) or through private lawyers or solicitors, legal advice can be essential to a positive home buying experience.

### *This will help you deal with:*

- ✓ *The tax and legal issues associated with buying property;*
- ✓ *The doubts regarding the acquisition;*
- ✓ *Facilitating the realisation of some tasks and acts when you are away, for example, through a power of attorney*

A legal advisor specialized in property law can help you with the purchase and understand all the details of the buying process. They can also be very useful for someone who is not fluent in Portuguese, as they can help you understand the contracts that will be signed and all related documentation.



### **Tips**

*Talk to real estate agents, consult experts in financial advice, and get information from credit institutions. This is an excellent way to better understand the home-buying process.*



## *When buying a house in Portugal, there are two moments in which you'll have to sign a contract:*

### **1. Purchase and Sale Promissory Agreement (CPCV)**

Once you have chosen the property, the next step is usually the signing of a purchase and sale promissory agreement (CPCV). In practice, this contract establishes the conditions for the deal. Usually, an advance payment is made at this moment, which is the first payment made to the seller or to a real estate agency

Having legal support is crucial at this stage, not only for the execution of this contract, but also for understanding all its implications (the conditions for returning the advance payment if the deal does not go through, the deadlines that need to be met, the identification of the parties, the verification of the property's legal and registration status), and, if necessary, to take legal action.

### **2. Deed of Purchase**

*The confirmation of the property transaction is made through a deed of purchase or by Authenticated Private Document (locally known as DPA - Documento Particular Autenticado). In Portugal, this is signed towards any-competent entity, namely the land registry office; a notary, a lawyer, or a solicitor, who are the representatives of the Portuguese Public Administration, and they ensure that the documentation and the sale of the property does not present any problem or risk for the parties.*

*This step requires the presence of all parties involved (buyers, sellers or their legal representatives, the representative of the bank if there is a mortgage, the real estate agency, the solicitor, etc.) to confirm that the deal has been concluded, following the transfer of the amounts agreed upon. The deed is read, verified, and signed by both parties. After the deed, the final registration must then be made, either with the local tax office or with the land registry.*



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# 5# The costs of buying a home.

When buying a property in Portugal, it is important to be aware of the costs and taxes involved, namely: in the acquisition of the property and also in the case you get a mortgage.

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## >> **Costs arising from the acquisition of the property**

### **Property Transaction Local Tax (IMT)**

This is a one-time tax which is paid with the transfer of the property and it's a maximum of 8% on the value of the property for tax purposes or on the purchase price stated in the deed of purchase (whichever is higher). Proof of payment must be presented on the day of the deed.

The IMT tables vary according to the purpose of the property: rates are lower if the property is being bought as first home, and higher if it is a second home or a buy-to-let situation. The IMT also varies depending on whether the property is located on the Portuguese mainland or on the islands.

### **Stamp Duty (on the transaction)**

This tax is charged to the buyer when the deed is signed. The current rate is 0.8% on the value of the property for tax purposes or on the price of purchase, whichever is higher.

### **Local Property Tax (IMI)**

All property owners in Portugal are subject to a Local Property Tax (IMI), which is annually paid based on the property value for tax purposes. Rates are defined by each municipality.

You may be exempt from paying this tax under certain circumstances, so it is important that you consult the local Tax Authority about existing conditions for exemption to ascertain whether you meet any of them.

## >> **Costs arising from contracting a Mortgage Loan**

### **Stamp Duty (on the Mortgage)**

Stamp duty on the amount of the mortgage loan, with a current rate of 0.6%.

### **Bank fees**

**Some additional fees called bank charges or commissions may apply, such as:**

- ✓ Opening Commission;
- ✓ Commission for the evaluation of the property;
- ✓ Commission for the preparation of contractual documents;
- ✓ Solicitor's fees;
- ✓ Others.;

### **Insurance**

Portuguese law requires the subscription of home insurance covering the risk of fire, so this will always be necessary, with no exception. It is not mandatory to get a life insurance associated with a mortgage for non-residents. However, it may be possible to get one under certain circumstances.

# 6# Getting a mortgage loan.

Mortgage loans for non-residents in Portugal can be very attractive. Besides low interest rates, the financial system is stable. Therefore, more foreigners are choosing to get their mortgage loans here.

While you think about it, you will find all the information about home loans for non-residents in Portugal here.

# Mortgage Loan

Find here the answer to the main questions related to Mortgage loans for non-residents in Portugal.



Foreign buyers often have the necessary capital to buy a house without using a mortgage loan.

When they do, they often prefer taking out a loan in their home country. However, more and more non-resident foreigners are opting to get a mortgage loan in Portugal. **Are you interested?**

Find here the answer to the main questions related to mortgage loans for foreign non-residents.

## >> Does nationality influence the conditions for non-residents in Portugal?

Nationality can influence mortgage conditions due to the credit history of the non-resident. Therefore, non-residents can be considered high-risk customers compared to national residents.

### Tips

Generally, the terms and conditions of a mortgage loan in Portugal are determined by:

- ✓ The client's economic profile;
- ✓ The property's characteristics;
- ✓ The bank financing policy.

## >> Conditions of Mortgages for foreign nationals in Portugal

Housing credit for foreigners is similar to that granted to national citizens. However, there may be small differences in some aspects of the concession of a mortgage loan and risk analysis, namely, those related to the documentation required to apply.

**Generally, loans are subject to certain limitations and conditions:**

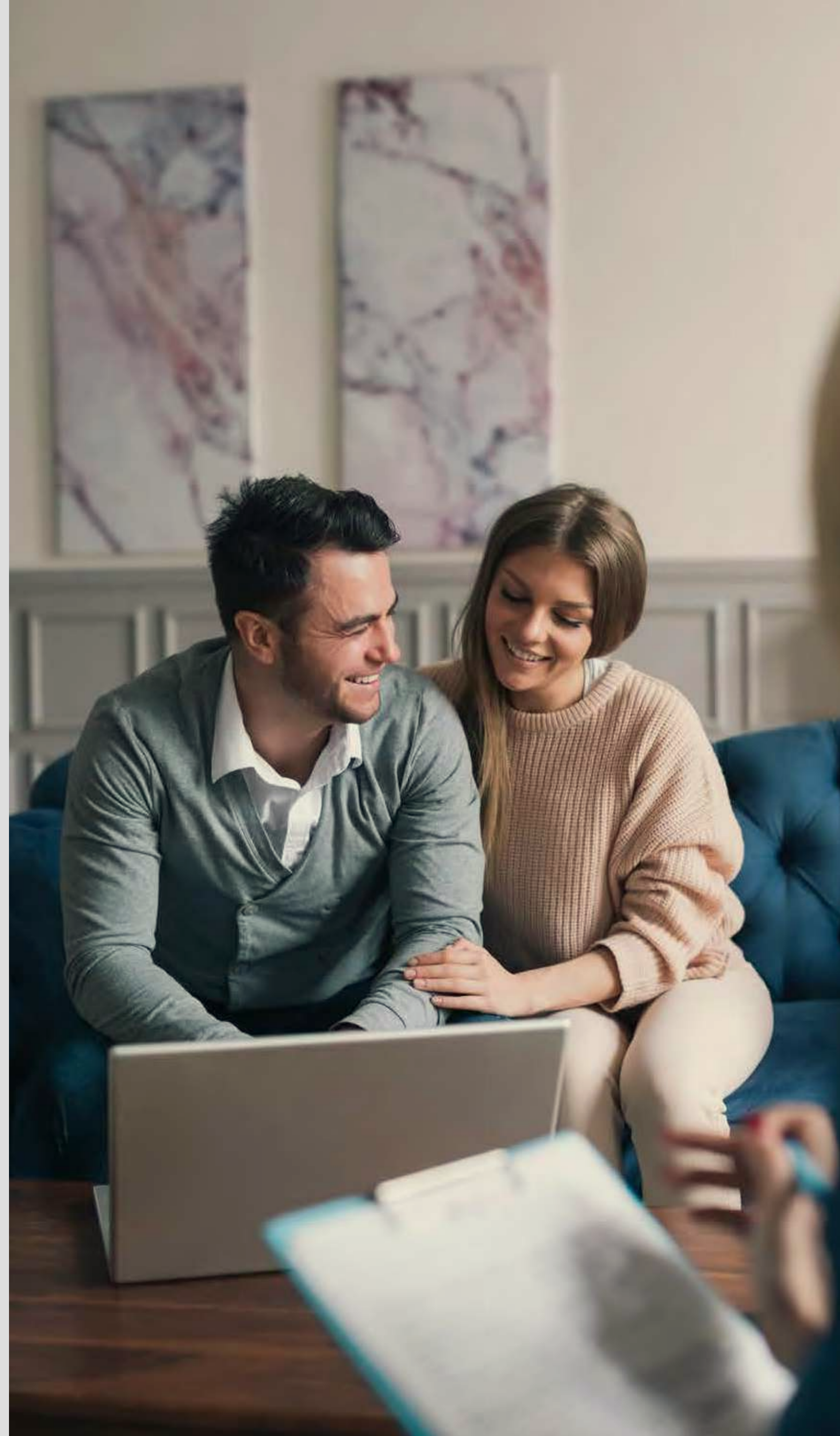
- ✓ Down payment
- ✓ The maximum mortgage term.

## >> Interest rates

Regarding the financial conditions, the interest rates and commissions are not very different for national citizens and for foreign clients.

## >> Mortgage solutions

In terms of financial solutions, both variable rate (based on Euribor plus spread) and fixed rate options are available to non-residents. With variable-rate, the monthly installments can vary, with fixed rate the monthly installments are constant over a certain period of time.



### >> **Mortgage term**

Mortgage term up to 30 years.

### >> **Limit to financing**

It may vary depending on the client's profile. In the case of mortgages for non-residents, the maximum financing is usually up to 70% of the purchase price. Thus, ultimately, it may require an investment between 30% to 40% in the purchase of the property.

### >> **Risk analysis**

Loan monthly instalments for non-residents must stay below 40% of the monthly income. In other words, the sum of the monthly instalment of a mortgage and all other debt and liabilities must not exceed 40% of the income, as this is considered to be the maximum effort rate which allows applicants to honour their financial commitments.

### **Tips**

*Remember that, like the level of indebtedness, the effort rate, the maximum term, the financial conditions and risk conditions for non-residents are determined by each credit institution, so this may vary from one institution to another and even according to special campaigns for non-residents.*

*Contracting a mortgage loan involves a series of costs such as taxes, expenses, and commissions. Altogether they can represent about 10% of the price of the property, so it is important to consider these costs since you must have the necessary funds to cover it.*





### >> Required documentation

Generally, these are the documents required for mortgage applications for non-residents:

#### Identity documents

- >> Passport or Identification Document;
- >> Portuguese tax number (NIF).

#### Proof of income and liabilities

- >> Credit liabilities report from your country of residence;
- >> Last tax return;
- >> 3 last pay slips or proof of other regular income for employees and employer reference letter indicating the type of contract and length of service;
- >> Company balance sheet and last income statement for self-employed workers;
- >> Proof of the previous year's annual pension for retired clients.
- >> Evidence of savings and other income;
- >> Bank statements of the last 6 months;
- >> Proof of payment of other loans, in the last 6 months.

#### Property documents

- >> Copy of the Promissory Agreement of Purchase and Sale Agreement;
- >> Deed or land registration document of the property to be purchased.

## Take a note!

*Remember that these documents may also vary from country to country and depend on each applicant's circumstances.*

*In the specific case of non-residents, financial entities request a credit report to verify clients' activity and economic solvency in the country where they reside and work. This type of report is issued by entities such as Experian in the UK or SCHUFA in Germany. For all due purposes, non-resident clients should submit the document issued by the competent authority in their country of origin.*

*Likewise, non-residents must also present proof of origin of capital to prove their personal contribution and to justify the origin and movement of capital, based on the law for the prevention of money laundering.*

*One of the steps that must be taken to move on and complete the process of buying property in Portugal is to obtain the Portuguese Tax Number (NIF). This number is used by the Portuguese Government and Tax Authority to identify you in all tax-related matters. The NIF (or TIN, as it is known internationally) request can be made to the Portuguese Tax Authority Central Services by presenting proof of residence and a passport or identification document from the country of origin.*

## >> Translation and delivery of documents

The documents for the analysis and approval of mortgages for non-residents who come from a non-Portuguese-speaking country may, in some cases, need to be translated and certified at the clients' expense.

However, certain financial institutions, such as UCI, don't require translation in some cases, which will speed up the application and reduce the costs associated with those translations and certifications.

It is common practice for clients to present the original documents related to their mortgage application and to sign the deed of purchase in person at the financial institution and at the notary's office, respectively.

However, the financial institution may also accept the submission of this documents by post or email, as well as, through the legal representation of the clients by means of a power of attorney. The latter is quite common for non-residents.

Regardless of whether there are alternatives for managing the mortgage application remotely, electronically or with the intervention of a legal representative, it is recommended that non-resident clients speak directly to the financial institution.

This way, they will be able to receive information, explanations, and advice from their account manager on anything related to the mortgage loan.



## Take note!

**Obtain the following information from the credit institution:**

- ✓ *Loan repayment/payment plans;*
- ✓ *Information on the financial conditions and interest rates to be applied;*
- ✓ *Information on the applying fees;*
- ✓ *Detailed information on all costs and taxes;*
- ✓ *Documents needed prior to signing the mortgage loan contract;*
- ✓ *Documents needed prior to signing insurance contracts;*
- ✓ *The FINE or ESIS (European Standardised Information Sheet) is the document that puts together in a standardized document all the information regarding the loan so that you can compare different offers;*
- ✓ *All and any other information that you consider relevant about the financing conditions.*



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# 7 # About UCI

Learn more about UCI and how we can help you if you decide to buy a property in Portugal with a mortgage loan.

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## >> Mortgage Specialists!

We are União de Créditos Imobiliários (UCI) and we finance thousands of clients who see in us the ideal partner to achieve their dream of owning a property, through our mortgage solutions.

Resulting from a joint venture between Banco Santander and BNP Paribas, we have more than 20 years of experience in mortgage lending in Portugal, and more than 60 years in the European market.

Because each client has specific needs and desires, we develop tailored solutions, some of them unique in the market, that adapt to the needs of our clients, guaranteeing speed, trust and flexibility throughout the process.



## >> Our strong points

- ✔ A team of highly experienced and qualified staff who will provide an efficient, friendly and knowledgeable service in your own language;
- ✔ Flexibility and availability in many time zones according to client's availability;
- ✔ A strong and close partnership with real estate agents, which eases the process of choosing a property and getting the necessary financing;
- ✔ Expert personal advice by the best professionals to oversee your process through all the stages of acquiring a house in Portugal;
- ✔ Possibility to manage the loan request remotely;
- ✔ A bureaucracy-free process, assured by our exclusive team of legal agents who take care of all required documents;
- ✔ Quick financing decision and mortgage signing;
- ✔ High customer satisfaction and recommendation rate. Get to know the opinion of UCI clients through EKOMI.

## >> Financing solutions

- ✔ Finance up to 70% of the property purchase price, according to applicants profile and guarantees provided;
- ✔ Possibility to choose between Mixed and Variable Interest Rates;
- ✔ Extended financing term, up to 30 years;
- ✔ Maximum age at the end of the term: 75 years;
- ✔ Financing solutions to buy or move to a new house in Portugal in a simple and convenient way;
- ✔ Early repayment commission of 0.5% on the principal repaid for loans with variable interest rate and 2% for loans with fixed interest rate;
- ✔ Wide range of insurance options associated with mortgage loan, for extra protection of the property and the borrowers.

# UCI

## >> We finance your home in Portugal

We hope this guide will help you when deciding whether to buy a property in Portugal and choose a mortgage.

If this is your case, UCI puts at your disposal a team of specialists that will accompany you during the whole process and give you all the information you need to move forward safely.

If you are a non-resident and are thinking of buying a property in Portugal, why not take the leap?

### Contact us!

    [uci.pt](https://uci.pt)

For more information, contact UCI. Unión de Créditos Inmobiliarios, S.A., Establecimiento Financiero de Crédito (Sociedad Unipersonal) – Sucursal em Portugal is a financial institution branch with the head office in the European Union registered with Banco de Portugal under number 403 (UNION DE CRÉDITOS INMOBILIARIOS, S.A., ESTABLECIMIENTO FINANCIERO DE CRÉDITO (SOCIEDAD UNIPERSONAL) - SUCURSAL EM PORTUGAL | Banco de Portugal (bportugal.pt)) which acts in compliance with the principles of legality conferred upon it in terms of advertising and consumer information, namely by Notice No 10/2008 of Banco de Portugal, which establishes the information and transparency duties to be observed by credit institutions and financial companies on the advertising of financial products and services.