

NHR's Potential End: 65% Would Rethink Moving to Portugal

Lisbon, Lisboa e Vale do Tejo Oct 12, 2023 ([IssueWire.com](https://www.IssueWire.com)) - A recent survey conducted by Portugalist.com among more than 300 prospective expats reveals that Portugal's announcement that it will end its Non-Habitual Residency (NHR) tax regime could have a significant impact on their decision to move to Portugal.

A significant 33% stated that without the NHR benefits, they probably wouldn't move to Portugal. Another 32% mentioned that the change would somewhat influence their decision. In total, this means that 65% would carefully reconsider their move to Portugal if the NHR regime was removed.

According to Portugalist.com founder James Cave, "The NHR regime is a selling point that separates Portugal from other European countries. It showcases Portugal's desire to attract foreigners to Portugal and for those on the fence between other European countries, the NHR tax regime is often what seals the deal. Removing it would not only dissuade many of the high earners the scheme looks to attract, but more importantly, it would make Portugal less appealing as a place to move to, regardless of earnings or wealth and regardless of whether people would actually benefit from being taxed under the regime."

It wasn't just those with large incomes that were disappointed by the announcement but those with more modest incomes too. For many pensioners, in particular, the NHR regime made a move to Portugal possible. Without it, many stated that Portuguese taxes would eat too much into their budget and make living there in Portugal less feasible.

However, it's possible that a significant number of expats believe the NHR regime may be more beneficial to them than it actually would be. Of those surveyed, less than a third said they had researched it fully with most admitting that they either only understood the basics (58%) or 'don't know a lot about it' (15%). Only 27% stated that they had researched it fully.

"There has been a lot of hype around the NHR regime and many people mistakenly assume that if they want to pay the least amount of tax in Portugal, they should be taxed under the NHR regime rather than standard Portuguese tax rates," continues James Cave. "However, this isn't always the case, and often comes down to people assuming this is the best option and not because they've spoken to a finance professional."

As to those that said that the potential change would have no effect on their decision to move to Portugal, this often came down to personal beliefs. Many disagreed with the idea of two tax regimes where people living in the same country are given different tax opportunities depending on whether they had moved to the country, returned there, or had been born there.

The Portugalist.com survey surveyed more than 300 respondents from all over the world, with the majority of respondents (40%) currently living in the United States and 18% in the UK. 42% of respondents are gearing up to move to Portugal within the next year. Additionally, another 28% are considering relocation within the next five years. This indicates a strong interest in Portugal as a preferred destination for expatriation.

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Source : Portugalist.com

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