

# NEWSLETTER

State Budget 2025

## **I. Guaranteed Minimum Monthly Wage (RMMG) and Social Support Index (IAS)**

### **1. Guaranteed Minimum Monthly Wage (RMMG)**

The Guaranteed Minimum Monthly Wage is changed from 820 euros to 870 euros.

### **2. Social Support Index (IAS)**

The Social Support Index is changed from 509.26 euros to 522.50 euros.

## **II. Extensions of tax obligations**

### **1. Reporting valued inventories**

The following are exempt from the obligation to report valued inventories:

- All taxable persons, for the tax period starting on or after 1 January 2024;
- Taxpayers who are not required to carry out a permanent inventory, in relation to the tax period starting on or after 1 January 2025.

### **2. SAF-T accounting**

The submission of the SAF-T (PT) file related to accounting for the purpose of completing annexes A and I of the IES is applicable to the periods of 2026 and following, to be submitted in 2027 or in subsequent periods.

### **3. Invoices in pdf**

Until December 31, 2025, invoices in PDF files are accepted, being considered as electronic invoices for all purposes provided for in tax legislation.

### III. Personal Income Tax (IRS)

#### 1. Productivity bonuses, performance, profit sharing and balance sheet bonuses – Article 19-B of the Tax Benefits Statute

The IRS exemption is introduced, up to a limit of 6% of the employee's annual base remuneration, **the amounts paid or made available to the employee or members of statutory bodies in 2025, borne by the employer**, voluntarily and **without a regular character**, as productivity bonuses, performance, profit sharing and balance sheet bonuses.

The application of this exemption depends on the fact that, in 2025, the employer paying the aforementioned amounts has made an eligible salary increase for the purposes of article 19-B of the EBF.

In the statement of income paid to be issued annually, for the year 2025, by the employer paying the aforementioned amounts, there must be express mention of compliance with the condition of the salary increase provided for in article 19-B of the EBF.

The withholding rate to be applied to the amounts referred to is that which corresponds to the monthly remuneration of the dependent work for the month in which it is paid or made available.

These amounts, in compliance with the aforementioned conditions, are excluded from the contribution base of the Contributory Regimes of the Social Security System.

#### 2. Meal allowance – article 2 of the IRS Code

**Increase of the legal limit from 60% to 70% of the meal allowance paid through meal vouchers.**

In terms of values from 9.60 euros to 10.20 euros (assuming a cash limit of 6 euros).

#### 3. Capital gains – article 10 of the Personal Income Tax Code

The condition is now provided that the acquisition of the "Pan-European Individual Savings Product" must be made within six months of the date of realization (relating to the sale of the **Own and Permanent Residence**) so that the reinvestment in this product can also **benefit from exclusion from taxation of capital gains of Category G**.

#### 4. IRS Youth Regime – article 12 - B of the IRS Code

The IRS youth regime is amended, and it will now be **applied to all taxpayers** (not considered as dependents) **up to 35 years of age** (previously between 18 and 26 years of age, with a cycle of secondary education studies for the

continuation of higher education studies and with a minimum professional internship of 6 months, and up to 30 years of age in the case of a doctoral study cycle).

It is now **applied in the first 10 years of earning income** (previously in the first 5 years after the completion of the cycle of studies).

The application of full exemption (100%) for the first year of income **is maintained**.

The application of the **75% exemption is extended between the second and fourth year of income** (previously only in the second year).

The application of the **50% exemption is extended between the fifth and seventh year of income** (previously only in the third and fourth).

The application of the **25% exemption is extended between the eighth and tenth year of income** (previously only in the fifth year).

The **exemption limit** is now 55 times the IAS (IAS 2025 = 522.50 x 55 = **28,737.50 euros**), applicable to all years of exemption.

Previously, 40 times the IAS for the exemption of the first year, 30 times the value of the IAS for the second, 20 times the value of the IAS for the third and fourth, and 10 times the value of the IAS for the fifth year.

**The limitation on the use of this exemption only once by the taxable person is revoked**, and that there is no longer communication by schools of the study cycles, given that this condition will be eliminated.

Finally, **the IRS jovem cannot be applied by taxpayers who have benefited from the non-habitual residents (NHR) regime**, the new **tax incentive regime for scientific research and innovation** (which replaced the NHR), the **former residents regime**, and **who do not have their tax situation regularized**.

For the purposes of withholding tax, **paragraph 5 of article 99-F of the CIRS is amended**, removing the need to prove the completion of a course of studies, and being replaced by **the need to inform debtor entities of the income of the year in which income is obtained for the purposes of applying the aforementioned IRS exemptions**.

For the purposes of the application of article 12-B of the PIT Code, **taxpayers fall within the exemption percentage referring to the one that corresponds to the year following the number of years of income from categories A or B that have already elapsed, not considering for these purposes the years in which they have been considered dependent**.

## 5. Income from dependent work: deductions – article 25 of the Personal Income Tax Code

The fixed specific deduction of IRS category A is changed, from 4,104 euros to 8.54 times the IAS ((IAS 2025 = 522.50 x 8.54 = **4,462.15 euros**).

The same amount of fixed specific deduction is **applied to pension income** (category H), with the proposal to amend paragraph 1 of article 53 of the CIRS.

## 6. General rates - article 68 of the Personal Income Tax Code

The **IRS rate brackets are changed**, and the income rates are not changed, as a measure to mitigate the inflationary effect.

Yield Collectible (euros)	Rates (percentage)	
	Normal (A)	Average (B)
Up to 8,059	[...]	[...]
From more than 8,059 to 12,160	[...]	[...]
From over 12,160 to 17,233	[...]	[...]
From over 17,233 to 22,306	[...]	[...]
From more than 22,306 to 28,400	[...]	[...]
From more than 28,400 to 41,629	[...]	[...]
From over 41,629 to 44,987	[...]	[...]
From over 44,987 to 83,696	[...]	[...]
Superior a 83 696	[...]	[...]

## 7. Minimum existence – article 70 of the Personal Income Tax Code

The reference value of the minimum existence is changed to equal or greater value between 12,180.00 euros and 1.5 x 14 x IAS.

## 8. Withholding taxes - article 71 of the Personal Income Tax Code

From 50 to 100 hours of **overtime work** is increased, covered by the non-application of the withholding tax rate of 25% of IRS, to **income obtained by non-residents** who work or provide services for a single entity.

## 9. Autonomous tax rate - Article 73 of the Personal Income Tax Code

The **acquisition value of light passenger or mixed vehicles subject to autonomous taxation of IRS category B is increased from 20,000 to 30,000 euros, as for the application of a 10% or 20% rate.**

Shows offered in the country or abroad to customers or suppliers or to any other persons or entities are no longer

subject to autonomous taxation of 10% of category B of IRS.

## 10. Application of withholding tax to category A - article 99 - C of the Personal Income Tax Code

The withholding tax rate on **overtime work** is now 50% of the rate applicable to the monthly remuneration of dependent work for the month in which it is paid or made available. Previously, this 50% reduction was applied only from the 101st hour of overtime, inclusive.

## 11. Withholding tax on income from other categories - article 101 of the Personal Income Tax Code

The **withholding tax rate (from 25% to 23%) of income in category B of IRS arising from professional activities specifically provided for in the table attached to the CIRS is reduced.**

## 12. Payments on account - article 102 of the Personal Income Tax Code

The **calculation rate of payments on account of category B of IRS is reduced** from 76.50% to 65% applicable to the proportion of the collection of the penultimate year.

## IV. Corporate Income Tax (IRC)

### 1. Achievements of social utility – article 43 of the Corporate Income Tax Code

An **increase of 20% is introduced on expenses incurred with workers' health insurance, deductible for the purposes of determining taxable income** under the terms of paragraph 2 of article 43 of the Corporate Income Tax Code.

### 2. Rates – Article 87 of the Corporate Income Tax Code

**The nominal corporate income tax rate is reduced by 1 percentage point, from 21% to 20%.**

In addition, the nominal corporate income tax rate applicable to the first 50,000 euros of taxable income of micro and SMEs and Small Mid Cap is also reduced by 1 percentage point.

The nominal corporate income tax rate applicable to the overall income of entities with head office or effective management in Portuguese territory that do not carry out commercial, industrial or agricultural activities as their main activity is also reduced by 1 percentage point, from 21% to 20%.

The new rates are applicable to tax periods starting on or after 1 January 2025.

### 3. Autonomous taxation rates – article 88 of the Corporate Income Tax Code

The autonomous taxation rates are reduced and the acquisition value limits for light passenger vehicles and class N1 vehicles are increased:

Acquisition Value (VA)	Current wording	State Budget 2025
VA < 27.500€	8,5%	-
VA < 37.500€	-	8%
€27,500 < VA <€35,000	25,5%	-
37.500€ < VA < 45.000€	-	25%
> 35.000€	32,5%	-
> 45.000€	-	32%

Additionally, **shows** offered in the country or abroad to customers or suppliers or to any other person or entity are **no longer subject to autonomous taxation of 10%**.

As **transitional provisions**, the increase of 10 percentage points in the autonomous tax rates in the event of a tax loss provided for in paragraph 14 of article 88 of the Corporate Income Tax Code is not applicable, in the 2025 tax period, when:

- The taxpayer has obtained taxable income in one of the three previous tax periods (2022, 2023 and 2024) and the reporting obligations of submission of Modelo 22 and IES, related to the two previous tax periods (2023 and 2024), have been fulfilled within the legal deadline;
- These correspond to the tax period of commencement of activity or to one of the two following periods.

### 4. Extraordinary support scheme for agricultural production costs

The extraordinary support scheme for costs incurred in agricultural production is extended until 31 December 2025.

## V. VAT

### 1. VAT Refund – Decree-Law No. 84/2017

Entities that own forest firefighters integrated in the Integrated Rural Fire Management System, as well as the IP-RAM and the Regional Civil Protection and Fire Service of the Azores, when they cannot exercise the right to deduct VAT, are included in the VAT refund regime provided for in the aforementioned diploma.

### 2. List I annexed to the CIVA (reduced rates)

Bullfighting shows are now covered by the reduced rate of item 2.32 of list I attached to CIVA.

The following entities are now covered by the reduced rate of item 2.10 of list I annexed to CIVA: Regional Civil Protection Service, IP-RAM, the Regional Civil Protection and Fire Service of the Azores, municipalities and intermunicipal entities.

In addition, item 1.14 of List I annexed to the CIVA has been added and the reduced rate will apply to food products intended for infants and young children, including follow-on formula, as well as food for special medical purposes and total diet replacement for weight control, in accordance with Regulation (EU) No 609/2013, of the European Parliament and of the Council of 12 June 2013.

### 3. Article 21 - Exclusions from the right to deduct

It is now possible to deduct VAT incurred on the acquisition, manufacture or importation, rental, use, transformation and repair of bicycles, with or without engine.

### 4. VAT exemption – article 4 of Law 10-A/2022, of 28 April – Taxation of goods for agricultural production and pet animals

The VAT exemption provided for in article 4 of Law 10-A/2022, of 28 April, is extended until 31 December 2025.

## VI. Stamp Duty (IS)

### 1. Transmission of data between IRN, IGCP and AT – article 63 - B of the IS Code

It is planned to transmit data between the Institute of Registries and Notaries, I.P (IRN), the Treasury and Public Debt Management Agency – IGCP, E.P.E. (IGCP) and the Tax Authority (AT) to put an end to litigation situations in

the claim, by the heirs, of public debt securities and certificates of the authors of the succession.

Heirs will now have information about the titles and certificates held by deceased family members. The IGCP will now make the data available to the Tax and Customs Authority.

Thus, as of 2025, the IRN must inform the IGCP about the deaths of the holders of securities and certificates and, subsequently, the IGCP exchange this same information with the AT which, in turn, communicates to the IGCP the compliance with the Model 1 participation of the Stamp Duty.

## 2. Extension of tax benefits

The following tax benefits are extended until December 31, 2025:

- Exemption from stamp duty on capital and guarantees within the scope of the renegotiation of housing loans, in cases of change in the term resulting in tax payable, depending on the applicable rate differential, extension of the term and conclusion of a new credit agreement, within the scope of the legal regime of housing credit, for debt refinancing.
- Exemption from stamp duty on capital, within the scope of temporary fixation of the instalment and capitalisation of deferred amounts in the amount of the loan for revenue contracts for the acquisition or construction of permanent housing.

## VII. Municipal Tax on Onerous Transfers of Real Estate (IMT)

### 1. Fees – article 17 of the IMT Code

The values on which the IMT of 2.3% is levied in the IMT tables for own and permanent housing, IMT Youth and housing are updated.

### 2. IMT tax benefits - Incentive for the reparcelling of rustic buildings

All acts and contracts necessary to carry out the reparcelling operations of contiguous or adjoining rustic buildings, of the same owner, whatever their economic use, as well as the registration of all rights and encumbrances on the new rustic buildings resulting therefrom, are now exempt from IMT, stamp duty and fees.

Such exemptions must be requested by the interested parties, to be submitted before the act or contract that originated the operation to the competent services for the decision, but always before the settlement that would be carried out.

To benefit from the aforementioned exemptions, the respective file must be accompanied by documents demonstrating that: the applicant holds the right of ownership of the rural properties to be reparcelled and the rural properties to be reparcelled are contiguous or adjoining (document to be issued by the territorially competent municipality).

The definition of rustic building is that contained in paragraph 2 of article 204 of the Civil Code.

## VIII. Municipal Property Tax (IMI)

### Disclosure of the municipalities that approved the extension of the exemption from municipal property tax

Until February 2025, the AT makes available on its website the list of municipalities where the extension of the exemption from municipal property tax (IMI) is in force for urban buildings whose taxable patrimonial value does not exceed €125,000, intended for the own and permanent residence of the taxable person or his household, provided for in paragraph 5 of article 46 of the EBF and in article 51 of Law no. 56/2023, of 6 October

## IX. Electronic notifications

It is established that whenever beneficiaries submit an application for social benefit or support in direct social security, the social security services are authorized to make communications, within the scope of the same process, including the decision, through the social security electronic notification system.

It is also established that whenever natural and legal persons, public and private, apply for European funds, unless expressly indicated otherwise by the applicants, the

electronic notification mechanism provided for in Decree-Law No. 93/2017, of 1 August, with the necessary adaptations, shall apply.

Legal persons are always notified via the social security electronic notification system.