

Disclaimer: I am not a tax or finance consultant or attorney of any kind. I am nothing more than a taxed layperson. This documents is for information purposes only. Your situation is likely different and therefore warrants your own research and decisions.

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This document was a result of correspondence and discussions with LVP Advogados (<https://www.lvpadvogados.com/tax>) and CCSL Legal (<https://ccsllegal.com/tax/>).

Portuguese Tax Planning

- **Trusts** - Trusts are not a recognized legal entity.
- **Savings Accounts** - normal after tax cash savings
Savings basis are not subject to taxation in Portugal. Any interest associated it would need to be declared. Interests paid outside of Portugal are in principle exempt of tax under the NHR.
- **Investment brokerage account** (Individual and Trust Accounts)
 - US Tax System = Taxed at US Capital Gains rates
 - Portuguese Tax Systems = Capital Gains are not covered by the NHR exemption. The tax rate in Portugal would be 28% (or 35% if derived from a blacklisted country).
 - Is this taxed on the Capital Gains only.
 - **However**, passive investments are not taxed via Capital Gains:
 - Insurance Annuities
 - Dividends from Index or ETF funds **not** taxed.
- **Individual Retirement Accounts (IRA) - Tax Deferred**
 - US Tax System = Taxed at US Income Tax brackets
 - Portuguese Tax Systems = Classified as pension income, and taxed as Capital Gains at 10% (on capital gains only)
 - If basis cannot be determined, the amount of Capital Gain is set at 15% of the withdrawal amount.
 - **IMPORTANT** - IRA to RothIRA conversions or Ladder conversions should be classified as an investment instrument restructuring.
 - NO income or withdrawal to you, and as such, no tax.
 - Tax will occur later, after the five-year holding requirement, as an income withdrawal from the Roth.
- **RothIRA** - After Tax - Tax Free retirement account
 - US Tax System = Tax free on withdrawals and Capital Gains
 - Portuguese Tax Systems = Classified as pension income, and taxed as Capital Gains at 10% (on capital gains only)
 - If basis cannot be determined, the amount of Capital Gain is set at 15% of the withdrawal amount.

- **Health Savings Account** - Tax Exempt / Tax Free account for health costs.
 - US Tax System = Tax free on withdrawals and Capital Gains
 - Portuguese Tax Systems = Tax free on withdrawals and Capital Gains
 - I suspect there is more nuance to this since there are investment vehicles in HSAs.
- **US Social Security**
 - US Tax System = Taxed at US Income Tax brackets
 - Portuguese Tax Systems = Classified as pension income, and taxed as Income at a flat rate of 10%
 - After NHR period, subject to the general tax rates up to 48%, being possible to deduct taxes paid at source.