CHANGES TO THE LIST OF “TAX HAVENS”

NEWS, LATEST, CURRENT TOPICS

“A TAX HAVEN IS A JURISDICTION THAT ESTABLISHES A TAX REGIME THAT IS CLEARLY MORE FAVORABLE THAN THAT IN FORCE IN THE NATIONAL TERRITORY.”

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A tax haven is a jurisdiction that establishes a tax regime that is clearly more favorable than that in force in the national territory. The standard characteristics of tax havens include low or zero tax rates, strict financial privacy laws, and a lack of transparency in financial transactions. This classification is established in Ordinance No. 150/2004 of February 13, which approves the list of tax havens.

The main benefit of using a tax haven is the possibility of reducing tax obligations. In this way, individuals or legal entities can take advantage of lower rates and taxes and more attractive tax laws by establishing residence or setting up a company in one of these countries.

However, the existence of tax havens is a factor that generates unfair competition. In combating international tax evasion and fraud, Portugal has a mixed prevention system in place. In this regard, Portuguese tax law provides for a set of rules that determine more burdensome forms of taxation when tax matters involving entities resident in a jurisdiction on the list of "tax havens" are concerned, including:

1. Increased fixed rates, such as a 35% rate on capital income paid by entities resident in tax havens (IRS and IRC);

2. Increased Municipal Property Tax (IMI) rates, which can vary from 0.3% to 0.45% to 7.5% when the taxpayer is resident in a tax haven;

3. Limitations on the deductibility of payments made by companies resident in Portugal to entities resident in "tax havens."

Recently, Ordinance No. 292/2025/1 of September 5, 2025, amended Ordinance No. 150/2004, of February 13, excluding Hong Kong, Liechtenstein, and Uruguay from the Portuguese list of tax havens.

Thus, as of January 1, 2026, this amendment will take effect and allow for the elimination of the tax "penalties" currently applicable to transactions carried out with entities resident there. This will have a significant impact on the tax framework for economic agents who, having their tax domicile in one of these jurisdictions, maintain economic relations with entities resident in Portuguese territory or with certain assets located here.

This decision is the result of formal requests submitted by these jurisdictions under Article 63-D(3) of the General Tax Law, following positive opinions issued by the Tax Authority, demonstrating that the criteria that justified their remaining on the list no longer apply. In addition, it should be noted that none of these jurisdictions are included in the European Union's list of non-cooperative jurisdictions for tax purposes, approved by the Council of the European Union.

The recent changes show that Portugal is willing to adjust its list of tax havens, if requirements such as transparency, international cooperation, and the elimination of tax benefits that are considered "clearly more favorable" are met.

“RECENTLY, ORDINANCE NO. 292/2025/1 OF SEPTEMBER 5, 2025, AMENDED ORDINANCE NO. 150/2004, OF FEBRUARY 13, EXCLUDING HONG KONG, LIECHTENSTEIN, AND URUGUAY FROM THE PORTUGUESE LIST OF TAX HAVENS.”

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