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TAX LAW

Tax Incentive for Scientific Research and Innovation (IFICI - “NHR 2.0”):

The Portuguese tax framework continues to evolve with the aim of attracting highly qualified professionals and strengthening scientific research, innovation, and technological development in Portugal.

One of the most significant changes in recent years was the entry into force of the Tax Incentive for Scientific Research and Innovation (IFICI), a regime that replaced the former Non-Habitual Resident (NHR) status through a new tax framework more specifically targeted at qualified and innovative activities.

The IFICI is in force since 1 January 2024 and was regulated at the end of 2024, now providing clear rules regarding eligibility and registration procedures.

A) Who can benefit from IFICI ?

The following criteria must be cumulatively met to benefit from the regime:

- The individual has to perform an eligible professional activity (including the highly qualified professions chosen by the Portuguese Government, as stated below);

- The individual has to become a Portuguese tax resident from 2024 onwards and must not have been resident in Portugal in any of the five previous years;
- The individual may not have benefited from the NHR Regime or opted for the special tax regime for former residents;
- The company in which the activity is carried out cannot deduct salary expenses under the tax incentive regime for investment (RFAI).

IFICI applies both to employees and self-employed professionals, provided that the proper classification of the activity carried out and the relevant qualifications can be demonstrated.

B) Eligible Activities:

The regime covers, among others, the following activities:

- a) Highly qualified professions carried out in industrial, technological, or service companies with relevant activity in Portugal, particularly in the industrial, technological, information, communication, healthcare, higher education, and scientific research sectors, such as:



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- 112 - Chief executive officers and managing directors;
- 12 - Administrative and commercial services directors;
- 13 - Production and specialized services directors;
- 21 - Specialists in physical sciences, mathematics, engineering, and related fields;
- 2163.1 - Industrial or equipment product designers;
- 221 - Medical doctors;
- 231 - University and higher education professors;
- 25 - Information and communication technology (ICT) specialists;

These functions must be carried out in industrial or service companies whose main activity corresponds to the following CAE codes and which export at least 50% of their turnover in the year of beginning of functions or in any of the two preceding financial years:

- Extractive industries – divisions 05 to 09;
- Manufacturing industries – divisions 10 to 33;
- Information and communication activities – divisions 58 to 63;
- Research and development in physical and natural sciences – group 721;
- Higher education – subclass 85420;
- Human health activities – subclasses 86100 to 86904.

- b) Scientific research, experimental development, and technological innovation functions;
- c) Teaching in higher education and scientific research, including scientific employment in entities integrated into the national science and technology system;
- d) Qualified positions and corporate body roles in entities recognized as relevant to the national economy, namely by bodies such as AICEP or IAPMEI;
- e) Functions performed in start-ups, technology and innovation centers, or within the scope of contractual benefits for productive investment;
- f) Activities carried out in the Autonomous Regions of the Azores and Madeira.

C) Academic Qualifications:

Employees must hold, the minimum following qualifications:

- a) **Level 8** of the European Qualifications Framework or the International Standard Classification of Education (ISCED);

Or

- b) **Level 6** of the European Qualifications Framework or the International Standard Classification of Education (ISCED), provided they have at least three years of duly proven professional experience.



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D) Registration with IFICI:

The application for registration under IFICI must be submitted to the Portuguese Tax Authority through the Finance Portal by 15 January of the year following that in which the taxpayer becomes a tax resident in Portugal.

The process must be accompanied by documentation proving the activity carried out, professional qualifications, and the respective legal framework.

The entity responsible for validating the application may vary depending on the specific case and may include, among others, the Foundation for Science and Technology, AICEP, IAPMEI, the Tax Authority (AT), the National Innovation Agency, Startup Portugal, or the authorities of the Autonomous Regions of the Azores and Madeira.

These entities must electronically communicate to the Tax Authority (AT), by 15 February of each year, the registration applications and any subsequent changes submitted to them.

Subsequently, the Tax Authority will make available to taxpayers, by 31 March of each year, information regarding their IFICI registration.

E) Tax benefits:

For a period of up to 10 consecutive years, beneficiaries may enjoy:

- **A fixed personal income tax rate of 20%** on employment and self-employment income obtained in Portuguese territory;
- **Exemption from personal income tax on income obtained abroad**, including employment income, capital income, rental income, and capital gains, under the terms provided by law.

F) Why is this regime relevant ?

IFICI represents a significant tax advantage for highly qualified professionals and researchers wishing to develop their activity in Portugal, contributing to a reduction in the tax burden and enhancing the country's attractiveness as a destination for international talent and investment in innovation.

If you are considering working, investing, or transferring your tax residence to Portugal, we recommend a prior assessment of your tax position, as access to IFICI depends on specific criteria and strict legal deadlines.

Access to IFICI is always subject to cumulative compliance with the legal requirements and is not automatic; Certain activities or situations may be excluded from the regime.

Our team provides specialized legal support at all stages of the process, from the eligibility assessment to the submission and monitoring of the application before the competent authorities.



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