

## Guide to buying property in Portugal

Anyone can buy a property in Portugal. You simply need a valid passport and a Fiscal Number.

Buying property in any country has its challenges. However, there's a very clear process for buying property in Portugal and, providing you make yourself familiar with how it works and you have the support of a good real estate agent and lawyer, there's no need for it to be a stressful experience. In fact it can be very exciting.

### Choosing a licensed estate agent in Portugal

It's really important to make sure that the estate agent you deal with is licensed to sell properties in Portugal. To operate legally in the country, an agent must be trained and certified by the *Instituto da Construção e do Imobiliário* (INCI). All licensed agents are required to display their license (AMI) number on all their marketing materials including business cards, websites and advertisements.

You can check AMI numbers on the [INCI's website](#).

### Finding a good Portuguese lawyer

In Portuguese law, an attorney-at-law is known as *advogado*. His or her job equals that of both solicitors and barristers. All *advogados* in Portugal belong to the *Ordem dos Advogados* (Portuguese Bar Association). You can of course appoint a lawyer of your choice, but larger real estate agencies will often offer the services of a lawyer or legal advisor on their team. Smaller agencies will usually be able to recommend a local lawyer to you.

Your country's embassy should hold a list of lawyers who speak your native language. For example, the British Embassy in Portugal publishes an online list of [English-speaking lawyers](#).

### Obtaining a Fiscal Number in Portugal

Non-residents buying property in Portugal need to obtain a Fiscal Number (*Número Fiscal de Contribuinte*) from the local tax office (*Finanças*). To obtain your Fiscal Number, you'll need a valid passport and an address, either in Portugal or your home country.

If you're not an EU resident, you'll be required to appoint a fiscal representative in Portugal. If you're an EU resident, you have the option of appointing a representative, but it's not obligatory.

A Fiscal Representative must be a Portuguese national, a holder of a Portuguese Residency Permit or a Portuguese company set up for this purpose. The Fiscal Representative will receive all correspondence from the *Finanças* relating to tax on

your property, and takes on the liability for ensuring the payment of any tax relating to the property and the registered owners of the property.

Understandably, even your best friend may not want to take on your tax liabilities, so a company set up for the purpose may be your best option. Companies normally charge an annual fee for representation, but it's a very competitive market so it's worth shopping around. Your lawyer should be able to advise you on obtaining a Fiscal Number and representative.

Your Fiscal Number is used on all documents relating to the purchase of a property. Married couples each need a Fiscal Number, or the tax department won't accept payment of the property transfer tax (*Imposto Municipal sobre Transmissões*).

You'll also need your Fiscal Number for other transactions in Portugal such as buying a car and getting a post box.

### **Costs to consider when buying property in Portugal**

So, you've spotted a property you'd like to buy. When budgeting for your purchase and annual expenses, there are a number of costs that you'll need to take into consideration. Five to ten percent of the property price will usually be enough to cover purchase taxes and lawyer's fees, but it's worth noting that the fees imposed have changed considerably over the last few years and various taxes are under review, so always check with your estate agent or lawyer when you're ready to buy:

- **Fiscal representation:** Companies usually charge an annual fee, which can be anything from €100 to €300 so, if appointing a company, do shop around.
- **Estate Agent's Fees:** These are paid by the seller.
- **Legal Fees:** Lawyers normally charge between 1 and 2% of the purchase price, plus the Portuguese equivalent to VAT which is called *Imposto de Valor Acrescentado* (IVA).
- **IMT (*Imposto Municipal Sobre Transmissões Onerosas de Imóveis*):** This is a purchase tax, payable by the buyer when a property's title changes ownership. IMT varies considerably depending on the type of property, so check with your lawyer.
- **Land Registry Fees:** Land Registry charges are currently 0.5% of the purchase price.
- **Property Registration Fee:** You will need to register the purchase with the local Land Registry Office (*Conservatória do Registo Predial*) and at the local Tax Office. If you have a mortgage, this will also need to be registered. The fees are fixed and not based on the value of the property or mortgage. Your real estate agent should be able to confirm the current fees.
- **Stamp Duty (*Imposto de Selo*):** This is currently 0.8% of the purchase price.
- **Notary fees:** The notarial profession is privatised, so notary fees depend on the office where the completion contract (*Escritura de Compra e Venda*) has to be drawn up.

- **IVA on new properties:** 19% is currently added to new properties. This is normally included in the advertised price, but it's worth checking
- **IMI** (*Imposto Municipal sobre Imóveis*): This is an annual property tax which is currently between 2 and 4% of the value of the property as assessed by the tax authorities. This value is usually less than the purchase or sale price.

Once you understand all the costs involved the buying process is quite simple.

### **The Portuguese property buying process from offer to completion**

From start to finish the whole purchasing process can take anywhere between a week and five months, depending on how quickly you wish to proceed, the people involved and whether all the necessary paperwork is in order.

Once you've decided on the property that's right for you and your budget, the next step is to make an offer. If your offer is accepted you'll then be expected to sign a Promissory Contract with the current owner and pay a deposit. The deposit is normally 10 to 20% of the agreed purchase price.

### **The Promissory Contract**

The Promissory Contract (*Contrato de Promessa de Compra e Venda*) is a legally binding agreement to sell and buy. It protects the buyer and the seller, in that if the seller withdraws from the contract they are required to return **twice** the deposit and if the buyer withdraws from the contract they lose their deposit. Your lawyer should explain the laws and procedures in relation to producing and signing this contract.

### **Completion**

Following the signing of the Promissory Contract, it's then a matter of all parties agreeing a timescale for completion. The balance is paid by the buyer and the seller's real estate agent arranges a date and time for the Completion Contract (*Escritura de Compra e Venda*) to be signed by the buyers and sellers at the local Notary's Office.

The '*Escritura*' (equivalent to the Deeds of the property) is signed in the presence of the official Notary and the property is transferred to the new owners. Once this has been done and the property has been registered at the Land Registry Office and Local Tax Office, it's legally yours. The signing of the '*Escritura*' can be carried out on your behalf by appointing your lawyer with your Power of Attorney.

So, that's it, simple! Why wait any longer? Good luck in your search and in your new home.

*[Disclaimer: this information is for guidance purposes only – please always check the latest legal requirements and seek local legal advice]*

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