

A GUIDE FOR EXPATRIATES IN PORTUGAL

Life After NHR

What changes when Portugal's Non-Habitual Resident regime ends, and how to prepare for what comes next.

01 THE TEN-YEAR CLOCK

For more than a decade, Portugal's **Non-Habitual Resident (NHR)** regime offered new residents a remarkable arrangement: a flat 10% tax on foreign pensions and, in many cases, no Portuguese tax at all on foreign investment income. What is easy to overlook is that NHR was never permanent. It was always a fixed, ten-year status, and it cannot be renewed.

Introduced in 2009, NHR was granted for a single **ten-year period**, counted from the year you first became a Portuguese tax resident. There is no provision to extend it and no mechanism to apply again once it ends.

The regime has also closed to newcomers. Under the 2024 State Budget, NHR was withdrawn for new applicants, with only limited transitional grandfathering for people already in the process. If your status was confirmed before the cut-off, your benefits continue, but only until the end of your original ten years.

The timing is what makes this urgent now. The first wave of NHR residents, who registered between **2013 and 2016**, have already reached, or are about to reach, the end of their decade. The larger group who arrived in the **2017 to 2020** surge is next in line.

For many households, the end of NHR is likely to be one of the most significant financial changes since they moved abroad. Unlike most financial surprises, it does not arrive unannounced: it lands on a date you can work out today.

NHR lasts ten years. It cannot be extended, renewed, or applied for again.

The good news is that a known deadline is a plannable one. The pages that follow set out exactly what changes when your status ends, why the newer regime is unlikely to help, and the questions worth raising with a qualified adviser well before your final NHR year.

02 WHAT CHANGES WHEN NHR ENDS

When your NHR period ends you do not leave the Portuguese tax system, you simply lose the concessions. From that point, your worldwide income is taxed under Portugal's **standard rules**, which are higher than many newcomers expect.

AT A GLANCE	<p>10% → 48%</p> <p>FOREIGN PENSIONS</p> <p>The flat NHR pension rate gives way to standard progressive rates.</p>	<p>0% → 28%</p> <p>DIVIDENDS & INTEREST</p> <p>Often exempt under NHR; a flat rate applies afterwards.</p>	<p>up to 53%</p> <p>TOP EFFECTIVE RATE</p> <p>Including the 2.5% to 5% solidarity surcharge on high incomes.</p>	<p>none</p> <p>EXTENSIONS</p> <p>NHR cannot be renewed once the ten years are up.</p>
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Indicative rate ranges for an existing NHR holder under Portugal's 2025/2026 rules. The rate that applies to any individual depends on income levels, deductions and the double tax treaties relevant to them.

INCOME TYPE	UNDER NHR	AFTER NHR (STANDARD RULES)
Foreign pension income	Flat 10%	Progressive rates, up to 48%
Foreign dividends & interest	Generally exempt*	Flat 28% (or option to aggregate)
Foreign rental income	Generally exempt*	Taxed under standard rules
Foreign capital gains	Generally exempt*	Taxed under standard rules
Portuguese "high value" professional income	20% flat	Progressive rates, up to 48%

** Under NHR, much foreign-source income was exempt where it could be taxed in the source country under a double tax treaty. Figures reflect Portugal's 2025/2026 rules and the position of an existing NHR holder; the treatment of any individual depends on the relevant double tax treaties and personal circumstances.*

03 WHY THERE IS NO SOFT LANDING

It is natural to assume a replacement scheme will catch you as NHR falls away. For most former NHR residents, and for retirees in particular, it will not.

NHR is **non-renewable**. When the ten years are up, there is no application to make and no extension to request. Your status simply ends.

The successor regime, formally the **Tax Incentive for Scientific Research and Innovation (IFICI)** and often called "NHR 2.0", opened to new arrivals from 2024. It offers a 20% flat rate on Portuguese-source employment and professional income, but only for a narrow set of highly qualified roles in research, technology, higher education and certain export-focused sectors.

Crucially, IFICI **does not help pensioners**. Foreign pension income is fully taxable under it, with no equivalent of the old flat 10%. And retirees generally do not meet its professional eligibility criteria in the first place.

So for most people approaching the end of NHR, the realistic destination is a return to **standard Portuguese taxation**, not a smooth transfer into a new concession. Planning has to start from that reality rather than from the hope of a replacement.

IFICI is designed for specific professionals, not retirees. Foreign pension income is fully taxable under it.

None of this means Portugal stops being a good place to live. It simply means the tax footing changes, often significantly, and that the change rewards those who prepare for it in advance.

04 A WORKED EXAMPLE

An illustration of how the change can feel in practice. The figures below are illustrative and rounded, and describe this hypothetical couple only. They are not a prediction of any individual's tax and should not be relied on as one; an actual liability depends on tax brackets, available deductions, double tax treaties and personal circumstances.

ILLUSTRATIVE ONLY

A couple who retired to the Algarve in 2016

Picture a couple who moved to southern Portugal under NHR, living mainly on a **foreign pension of about €40,000 a year**.

While their NHR status applies, that pension is taxed at the flat **10%**, around **€4,000 a year**. When their ten years end, the same pension is taxed under Portugal's standard progressive rates. At that level of income an effective rate in the region of **30%** is realistic, roughly **€12,000 a year**.

That is in the order of **€8,000 more every year**, on the same pension, with no change at all to how they live. Across a decade of retirement, the difference can run into tens of thousands of euros.

The exact number will differ for every household. The direction will not: for most retirees, the end of NHR means a materially higher tax bill, which is precisely why it pays to understand the change before it arrives.

~€4,000

Annual tax under NHR
(pension at 10%)

~€12,000

Illustrative tax after NHR
(standard rates, this example only)

~€8,000

Extra each year
from the same income

05 PLANNING FOR WHAT COMES NEXT

Because the end of NHR arrives on a known date, it is one of the most plannable events in an expatriate's financial life. The earlier it is addressed, the more options remain open. These are the areas a qualified, regulated adviser will explore with you.

- **Timing and sequencing.** The year your status ends, and the years either side, can affect when income is recognised and how it is taxed. Knowing the date lets you plan around it rather than react to it.
- **Double tax treaties.** Portugal's treaties determine where each type of income may be taxed and help prevent the same income being taxed twice. How they apply depends on the income and the other country involved.
- **How income and assets are structured.** The form in which pensions, investments and savings are held can change how they are taxed once standard rules apply. Reviewing this in good time is usually more effective than acting at the last minute.
- **The bigger picture.** For some, the end of NHR is a natural moment to review whether Portugal remains the right base, and to understand what any future move would mean for tax, pensions and family.

There is usually more flexibility before your final NHR year than after it, so it is worth looking ahead in good time.

These are areas to explore with a qualified, regulated adviser who can consider your full circumstances. This guide is information, not advice, and nothing in it is a recommendation to take, or to avoid, any particular course of action.

06 HOW PARATUS WEALTH CAN HELP

Paratus Wealth specialises in cross-border financial planning for expatriates. We help globally mobile individuals make sense of complex moments like the end of NHR, and connect them with qualified, regulated advisers who can build a plan around their own circumstances.

A cross-border review brings the whole picture together. It typically looks at:

- **Pensions and investments**, and how each will be taxed once standard Portuguese rules apply to you.
- **Your full tax position**, in Portugal and in any other country you remain connected to.
- **The double tax treaties** that decide where each type of income is taxed, and that help prevent it being taxed twice.
- **Timing**, so decisions are made in good time and explained in plain English, never under pressure.

Take the next step

Arrange a no-obligation conversation about your situation. We will listen first, explain what the end of NHR could mean for you, and never pressure you. Scan the code or visit paratus-wealth.eu.



Scan to begin

07 SOURCES & IMPORTANT INFORMATION

This guide draws on the following public sources. Tax rules change; figures are stated for the 2025/2026 position.

- Portuguese State Budget 2024 (Orçamento do Estado), withdrawing NHR for new applicants and introducing the IFICI regime.
- PwC Worldwide Tax Summaries, Portugal, for standard personal income tax (IRS) rates and the solidarity surcharge.
- Autoridade Tributária e Aduaneira (Portuguese Tax and Customs Authority), on the NHR and IFICI regimes.
- Independent expatriate tax commentary, including Blevins Franks and the Sovereign Group, on the transition from NHR to IFICI.

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Illustrative figures. All figures are illustrative and rounded. Standard Portuguese tax rates are stated for 2025/2026 and include the solidarity surcharge where relevant. This guide was prepared in June 2026 and reflects rules in force at that date. Tax rules change and the position may since have altered.

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