

**AMENDMENTS TO THE PROPERTY TAX REGIME WITHIN THE PROPOSAL
OF THE STATE BUDGET FOR 2012**

Subject	Amended Law	Present regime	Proposal of new rule for 2012
Construction of buildings for the purpose of sale or acquisition for resale	9.º, n.º 5 of the Municipal Tax on Property Code - <i>Código do Imposto Municipal sobre Imóveis (CIMI)</i>	If the communication for the suspension of taxation is presented to the Tax Authorities past the deadline (60 days), the suspension of taxation will only occur the year following that of the communication.	When the communication for the suspension of taxation is presented to the Tax Authorities past the deadline (60 days), the suspension of taxation will occur as of the year of that communication.
Taxable patrimonial value - area adjusting coefficient of land for construction	40.º-A, n.º 5 do CIMI	The calculation of the taxable patrimonial value of the land for construction is based on, among other criteria set forth in art. 45.º of the CIMI, the gross construction area of the property.	Similarly to what has already taken place for urban land, for the calculation of the taxable patrimonial value of land for construction, the gross construction area is subject to the area adjustment coefficients, calculated based on the construction which was authorized or foreseen: a) when there is only one assignment, the corresponding table is applicable; b) when there is more than one assignment, identified by area, the table corresponding to each assignments is applicable; c) when there is more than one assignment and no identification of their respective identification is possible, the table of the economically dominant assignment is applicable.
Taxable patrimonial value - location coefficient	42.º, n.º 1 of the CIMI	The location coefficient varies between 0,4 and 2. In situations of disperse habitation in rural areas it can be reduced to 0,35, and in zones of high real-estate market value it can reach 3.	Increase of the maximum limit of the location coefficient to 3,5.
Valuation costs - reimbursement	68.º, n.º 2 e 3 and 75.º of the CIMI	The valuation costs are borne by the taxpayer if they are asked by him in the case the contested value is maintained.	The valuation costs are borne by the taxpayer if they are asked by him in the case the contested value is maintained or increased. It is further proposed that when the valuation is made upon request of the municipalities and its result does not prove them right, the costs are thus borne by them. When dealing with a second valuation directly requested by the taxpayer, and the taxable patrimonial value is maintained or increased, the valuation costs will be reimbursed by him to the DGCI.
Valuation costs - fee	76.º, n.º 3 of the Municipal Real Estate Transfer Tax Code - <i>Código do Imposto Municipal sobre as Transmissões Onerosas de Imóveis (CIMI)</i>	The second assessment requires payment of a fee between 5 and 20 Unites of Account (currently, between EUR 510,00 and EUR 2.040,00).	The second assessment requires payment by the Petitioner of a fee increased to between 7,5 and 30 Unites of Account (currently, between EUR 765,00 and EUR 3.060,00).
Rates - urban building and urban buildings valued under the terms of the CIMI	112.º, n.º 1 of the CIMI	The current Municipal Tax on Property rates are: a) rural property: 0,8%; b) urban property - between 0,4% and 0,7%; c) urban property valued under the terms of the CIMI - between 0,2% and 0,4%.	Increase of the Municipal Tax on Property rates on: a) urban property - between 0,5% and 0,8%; b) urban property valued under the terms of the CIMI - between 0,3% a 0,5%. The Municipal Tax on Property for rural property is maintained.

(continues on page 2)



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Rates - vacant urban buildings or in ruins	112.º, n.º 3 of the CIMI	The urban buildings which are vacant for over one year or in ruins are subject to increased rates corresponding respectively to twice or three times the rates normally applicable. For vacant building we have: (i) urban property: between 0,8% and 1,4%; (ii) urban property valued under the terms of the CIMI - between 0,4% and 0,8%. For buildings in ruins: (i) urban property: between 1,2% and 2,1%; (ii) urban property valued under the terms of the CIMI - between 0,6% and 1,2%.	The distinction between vacant property for over one year and property in ruins, which will both be subject to the same increased rate, corresponding to three times the normally applicable rates.
Rates - Building which are the property of entities with tax residency in a country, territory or region subject to a clearly favourable tax regime	112.º, n.º 4 of the CIMI	For property which are owned by entities with tax residency in a country, territory or region subject to a clearly more favourable tax regime, the tax rate is of 5%.	Increase of the Municipal Tax on Property to 7,5% in the case of property which is owned by entities with tax residency in a country, territory or region subject to a clearly more favourable tax regime.
Update of the taxable patrimonial value for urban buildings for commercial or industrial activities or for services	138.º of the CIMI	The taxable patrimonial value for urban buildings for commercial or industrial activities or for services is updated every three years, based on factors corresponding to 75% of the currency devaluation coefficients set annually by administrative order of the Minister of Finance for the purpose of income tax.	The taxable patrimonial value for urban buildings for commercial or industrial activities or for services will be updated annually, based on factors corresponding to the currency devaluation coefficients set annually by administrative order of the Minister of Finance for the purpose of income tax.
Rate - Transfer of property when the buyer is a resident or has its head office in a country, territory or region subject to a clearly more favourable tax regime	17.º, n.º 4 of the CIMT	The transfer of property when the buyer is a resident or has its head office in a country, territory or region subject to a clearly more favourable tax regime is subject to the rate of 8% on the taxable patrimonial value of the property or on the value of the transaction, whichever is the highest.	Increase of the Municipal Tax on Property to 10% for the transfer of property when the buyer is a resident or has its head office in a country, territory or region subject to a clearly more favourable tax regime.
Statute of Limitations	40.º, n.º 3 of the CIMT	In the acts or contracts made by private document, as an alternate for a public deed, the tax statute of limitations starts counting as of the date of the registration before the land registry.	For the expiration of the benefits regarding Municipal Real Estate Transfer Tax, the statute of limitations starts at the date upon which they lose their effect.
Limitation period	39.º, n.º 1 of the Stamp Duty Code - <i>Código do Imposto do Selo</i> (CIS)	The right to Stamp Duty Tax assessment due to the acquisition for value of an ownership right or equivalent rights on real estate, subject to taxation under the terms of n.º 1.1 of the Stamp Duty General Table - <i>Tabela Geral do Imposto do Selo</i> (TGIS), is of four years.	The right to Stamp Duty Tax assessment due to the acquisition for value of an ownership right or equivalent rights on real estate, subject to taxation under the terms of n.º 1.1 of the Stamp Duty General Table - <i>Tabela Geral do Imposto do Selo</i> (TGIS), is of eight years.

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