



Portugal

EU Green Deal

Impacts in the RE market
What to expect from 2022



The EU Green Deal in a Nutshell

EUROPE: STRIVING TO BE THE FIRST CLIMATE-NEUTRAL CONTINENT

Climate change and environmental degradation are an existential threat to Europe and the world.

- To overcome these challenges, the **European Green Deal** will transform the EU into a modern, resource-efficient and competitive economy, ensuring **no net emissions of greenhouse gases by 2050**.
- On 14 July 2021, the European Commission adopted proposals to make the EU's climate, energy, transport and taxation **policies fit for reducing net greenhouse gas emissions by at least 55% by 2030**, compared to 1990 levels.
- Achieving these emission reductions in the **next decade** is crucial and all 27 EU Member States are committed to turning the EU into the **first climate neutral continent by 2050**.



The EU Green Deal in a Nutshell

EUROPE: STRIVING TO BE THE FIRST CLIMATE-NEUTRAL CONTINENT

- The European Green Deal is also a lifeline out of the COVID-19 pandemic: **One third of the 1.8 trillion Euro** investments from the **NextGenerationEU Recovery Plan** will finance the European Green Deal to improve the **well-being and health of citizens** by providing
 - ✓ **renovated, energy efficient buildings**
 - ✓ **cleaner energy and cutting-edge clean technological innovation**
 - ✓ **Globally competitive and resilient industry**
 - ✓ **more public transport**
 - ✓ **longer lasting products that can be repaired, recycled and re-used**
 - ✓ **future-proof jobs and skills training for the transition**
 - ✓ **fresh air, clean water, healthy soil and biodiversity**

The “PRR” Impacts in the Real Estate Market





The “PRR” - Impacts in the Portuguese RE Market

REAL ESTATE - THE EUR 3,343,000,000.00 “BAZOOKA”

1. “HOUSING” COMPONENT: EUR 2,733,000.00

The PRR (Portuguese “Recovery and Resilience Plan”) aims to relaunch and redirect the Housing policy in Portugal, by:

- ✓ Reinforcing the **public housing offer**;
- ✓ **Reinstating degraded houses** for 26,000 families with low financial resources;
- ✓ Providing **Student Housing** at affordable costs – 15,000 new beds.

Public Investments:

- **EUR 1,211,000,000** – Housing Access Support Program
- **EUR 375,000,000** – Student Accommodation (affordable costs)
- **EUR 171,000,000** – Urgent and temporary lodging Support
- **EUR 135,000,000** – Madeira Housing offer support Program
- **EUR 60,000,000** – Azores Housing Improvement Program



The “PRR” - Impacts in the Portuguese RE Market

REAL ESTATE - THE EUR 3,343,000,000.00 “BAZOOKA”

2. “BUILDINGS ENERGY EFFICIENCY” COMPONENT: EUR 610,000,000

The PRR aims to refurbish and provide for more energy efficient buildings, by:

- ✓ **Reduce** the **energy dependency** and **energy consumption**;
- ✓ **Reinforce** the production of energy through **renewable sources** and **self-consumption**;
- ✓ **Reduce** carbon emissions and greenhouse gases .

Public Investments:

- **EUR 300,000,000** – Residential buildings Energy Efficiency
- **EUR 250,000,000** – Public building Energy Efficiency
- **EUR 70,000,000** – Service buildings Energy Efficiency

What to expect from 2022





What to expect from 2022

Changes in Golden Visa

Where are we / 2021?

Purchase of real estate with a purchase price equal to or above EUR 500,000.00 **OR** purchase of real estate built at least 30 years ago or located in urban regeneration areas, and execution of refurbishing works, all together in the minimum amount of EUR 350,000.00.

And in 2022?

The same, but if located in Lisbon, Porto and other coastal areas, the acquisitions are only eligible if the real estate property is licensed for a purpose other than residential.



What to expect from 2022

Property income taxes

Where are we / 2021?

Property owners can opt to have their rental income subject to a flat rate of 28% OR to aggregate it to their other income being subject to progressive tax rates that can go up to 48%.

And in 2022?

There are news that the Government is negotiating with the left wing parties an increase in progressivity in the context of the Individual Taxation under which the so call passive income (rental income, investment income and capital gains) will be mandatorily aggregated and subject to progressive tax rates. In what concerns rental income this may lead to:

- ✓ Application of tax rates from 14,5% to 48%;
- ✓ Potentially an increase on the payable taxes.

The high level information available seems to indicate that the Government is still defining the scope of these amendments and that several exceptions will be put in place to mitigate their effect but this discussion is already agitating the market.



What to expect from 2022

Acquisition of SA (sociedades anónimas)

As of January 2021, both the acquisition of shares or quotas is subject to IMT if the following cumulative conditions are met:

- ✓ The value of the company's assets results, directly or indirectly, in 50% or more from real estate located in Portugal, taking into account the value for which the assets are registered in the balance sheet or, if higher, the tax value of the assets;
- ✓ Such assets are not directly used for agricultural, industrial or commercial purposes (unless such purpose consist of the purchase and sale of real estate);
- ✓ As a result of that acquisition, whether because of amortization or any other factor, one of the shareholders comes to own at least 75% of the shares, or the number of shareholders is reduced to two who are either married or in a civil partnership.

Previously this would be a concern only in respect to quota companies (and in conditions not exactly the same as the ones in force as from 2021).



What to expect from 2022

Lease Law

- ✓ Rumours on the increase of the 10 year term for the transition of “old leases” to the new law
- ✓ Several proposals on the obligation of renewals in leases, prohibition of oppositions by landlords, etc
 - all refused until now



Contactos



Patrícia Viana

patricia.s.viana@abreuvadogados.com



Tiago Mendonça de Castro

tiago.m.castro@abreuvadogados.com