



EXTRAORDINARY SUPPORT FOR FAMILIES FOR THE PAYMENT OF RENT AND CREDIT AGREEMENTS

DECREE-LAW NO. 20-B/2023, OF 22 MARCH

In recent years the Government has been reinforcing the role of the State in the direct promotion of housing responses, in order to reverse the paradigm of response fundamentally centred on the private market.

In this sense, it was recognised that the promotion of public policies should not be static and should have the capacity to adapt to the needs felt at each moment by the population.

Therefore, taking into account the current national economic situation characterised by a generalised increase in prices, a set of more immediate responses was approved that aim to tackle these economic impacts with direct effects on family incomes and access to housing.

DECREE - LAW NO. 20-B/2023

CREATION OF AN EXTRAORDINARY RENT SUPPORT

One of the responses of the Government was the **creation of an extraordinary rent support, aimed at tenants with effort rates of 35%, with incomes up to the maximum limit of the sixth income tax bracket of the Personal Income Tax (IRS) and with contracts concluded until 15 March 2023**, which allows to support families in a sum of up to € 200.00 (two hundred euros) per month, paid by the Social Security.

FOR WHOM IT IS INTENDED

This support is awarded automatically, without the need for a request.

It is aimed at people that, although not obliged to file an annual personal income tax return, have a monthly income from work declared to the social security services or are beneficiaries of social benefits, up to a monthly amount corresponding to 1/14 of the maximum limit of the sixth personal income tax bracket (an amount of around 2,759.42 euros and forty-two cents).

HOW TO BENEFIT FROM THIS SUPPORT?

This decree-law creates extraordinary and temporary support measures to families to pay the rent of the first house lease or sublease contract and to pay credit contracts for the acquisition, works or construction of permanent home ownership.

However, these extraordinary supports only apply to obligations arising from contracts entered into up to 15 March 2023.

The beneficiaries of this extraordinary support will be family households which, cumulatively:

- (i) have their tax residence in Portugal;
- (ii) (are holders of rental or sub-lease contracts of first habitation duly registered with the Tax Authority, or of loan contracts for the purchase, works or construction of their own permanent residence;
- (iii) have an annual income equal to or less than the maximum limit of the sixth bracket of the table provided for in n.º1 Article 68 of the Personal Income Tax Code (IRS Code) (which is € 38,632.00 (thirty-eight thousand, six hundred and thirty-two euros);
- (iv) have an effort rate equal to or greater than 35% of their annual income with the annual costs of payment of the rent or credit instalments covered by this Decree-Law.

Please note that, for this purpose, the total annual income is considered to be the total income for determining the rate calculated by the AT in the IRS assessment of the beneficiary for the last available tax period.

MAXIMUM LIMIT AND PAYMENT

This extraordinary rent support is monthly and corresponds to a percentage of the monthly rent fixed in the lease or sublease contract covered by this Decree-Law. This monthly amount has a maximum limit of € 200 (two hundred euros) and will be paid until the 20th of each month.

This support is automatically attributed by the Housing and Urban Rehabilitation Institute (IHRU) and is paid to the beneficiary by social security by bank transfer to the IBAN in its information system.

FINAL REMARKS

The current geopolitical and geo-economic context, which translates into the highest rate of inflation in recent times and,

consequently, the highest living costs, requires new solutions that are effective and fast.

This measure is a support that will certainly be very welcome by several households. However, we are of the opinion that this type of measures only solves the problem in a superficial and momentary way, not aiming to fight the structural problems that originated the situation.

Therefore, whilst recognising that this measure will allow many families to "breathe", we await the implementation of more robust measures to ensure a healthy private rental market that provides rents at prices compatible with family incomes.

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