



MORE HOUSING PROGRAM

Law no. 56/2023, of 6 October

After several months of public discussion and a great amount of media coverage, the Law no. 56/2023 was published in the Official Gazette on October 6th, and it is responsible for implementing a series of measures relating to the "Mais Habitação" (More Housing) program.

The law, which has now been published, makes no changes to the draft law presented by the Government and subsequently vetoed by the President of the Republic.

The main objective remains to combat real estate speculation, specifically in terms of the unbridled rise in prices for the purchase and rental of properties, coupled with the aggravating lack of supply of housing.

For this purpose, the aforementioned Law introduces a number of changes, particularly to the urban rental, local accommodation and Golden Visa regime, as well as introducing important tax measures, especially within the scope of the Rental Support Program and the taxation of capital gains.

URBAN LEASE

- imposition of maximum limits on the amount of rent that can be charged in new rental contracts for residential purposes, which may not exceed, as a rule, 2% of the value of the last rent relating to the previous rental contract;
- possibility of adding to the initial rent of rental contracts on properties, that have undergone extensive refurbishment or restoration work, part of the amount relating to expenses and costs incurred by the landlord, with a limit of 15% per year;
- untying of the New Urban Lease Regime (NRAU) to residential lease contracts signed before the 1990s, for tenants who can prove that they have a Corrected Annual Gross Income (RABC) of less than 5 times the Annual National Minimum Income (RMNA) and/or are over 65 years old or have a disability of 60% or more;
- adjustment of rents relating to rental contracts prior to 1990, in accordance with inflation values;
- possibility of resolution of a lease contract through the special eviction procedure, if the communication of contract termination to the tenant is not deemed effective due to non-payment or delayed payment of rents;
- assumption by the State of the payment of rents that fall due after the deadline for the tenant's opposition to the

termination of the contract has elapsed;

- tax relief within the scope of IRS (Income Tax) for rental income originating from residential property leases and permanent housing leases;
- provision of a credit line, with mutual guarantee and interest rate subsidy, to finance affordable rental housing projects, along with the State's allocation of public lands and buildings for this purpose;
- possibility of carrying out compulsory renovations or coercive leasing in vacant properties, in tandem with a credit line that includes mutual guarantee and interest rate subsidy to fund such projects;
- option for public entities to lease properties for the purpose of subleasing them for affordable housing;
- granting of specific tax incentives, such as exemptions from IMT (Municipal Property Transfer Tax) and IMI (Municipal Property Tax) for properties designated for the Affordable Rental Program, as well as IMT exemptions for land acquisitions intended for housing construction, subject to specific criteria.

LOCAL ACCOMODATION

- suspension of the issuance of new licenses for Local Accommodation until 31st December 2030, concerning apartments and lodging establishments

located within autonomous fractions in densely populated areas;

- requirement for Local Accommodation registrants to submit their tax declaration through the Single Electronic Counter (“Balcão Único Eletrónico”), with the risk of registration cancellation, except for the cases of Local Accommodation in the registrant’s own permanent residence, where the exploitation endures for less than 120 days per year;
- introduction of an Extraordinary Contribution on Local Accommodation (CEAL), payable by those operating Local Accommodation establishments;
- exemption from income tax (IRS) and corporate income tax (IRC) for rental income derived from the transfer of properties previously used for Local Accommodation;
- possibility of opposition to Local Accommodation activities by the condominium assembly.”

GOLDEN VISA

- end of the issuance of residency permits for investment activities related to specific types of investment, although applications for renewal and family reunions remain possible within this context;
- conversion of renewal requests for residency permits for investment

activities into residency permits for immigrant entrepreneurs;

- validity of applications is guaranteed for the granting and renewal of residence permits for investment, which had already been applied for at the time of the entry into force of this Law and are awaiting approval;
- possibility of applying for permanent residence is also ensured, subject to specific criteria.

FISCAL MEASURES

This Law also includes fiscal measures, particularly concerning:

- exemption from income tax (IRS) for onerous transfers of land for construction or housing properties occurring between 1st January 2022, and 31st December 2024, subject to specific requirements;
- exemption from IRS and corporate income tax (IRC) for profits resulting from the sale of housing properties to public entities;
- application of the reduced VAT rate to contracts for the refurbishment of buildings, particularly those situated in urban regeneration areas.

ENTRY INTO FORCE

Law 56/2023 entered into force the day after its publication, on October 7th.

Inês Ferreira Lourenço | Ines.fl@caldeirapires.pt