



## TAX INCENTIVE FOR WORKER'S HOUSING

In the 2024 State Budget bill there is a novelty regarding the existence of a tax incentive for workers' housing.

As a general rule, both residence allowances (or equivalent) and the use of housing provided by the employer are considered dependent employment income and, as such, are subject to IRS and social contributions. This is income in kind, the taxable value of which is determined by the difference between the amount of rent paid by the employer and the amount paid by the employee, if any.

However, this measure now provides for an **exemption from social security contributions and accelerated tax**

**depreciation of the property transferred**, in the case of the company.

Thus, between January 1, 2024 and December 31, 2026, employment income in kind corresponding to the employer's allocation of permanent housing in Portuguese territory to the employee will be exempt from personal income tax and social security contributions.

### LIMITS TO EXEMPTIONS

However, these exemptions are limited to the rents provided for in the Rental Support Programme, even if the properties made available to the workers are not covered by this program.

The limits set out in the Rental Support Programme depend on various factors, such as the location of the property, its area, energy certification, among others, so the limit of the exemption proposed here will have to be analysed on a case-by-case basis.

## DEPRECIATION OF THE PROPERTY TRANSFERRED

In addition to the aforementioned exemptions, this new measure provides for real estate used to house employees to benefit from an acceleration of tax depreciations, corresponding to double that resulting from the table annexed to Regulatory Decree no. 25/2009, in its current wording, for determining the taxable profit, in terms of corporate income tax (IRC) of the employers.

## EXEMPTIONS

There are, however, situations in which employees will not be able to benefit from this new regime, namely when they directly or indirectly hold a stake of no

less than 10% of the employer's share capital or voting rights.

It should be noted that the tax benefits mentioned are only valid for income from work in kind that results from the use of housing provided by the employer. Therefore, these benefits will not apply to any cash allowances granted to workers, even if they are intended to support housing costs.

## FINAL NOTE

This tax incentive for workers' housing, provided for in the 2024 State Budget, is expected to have a budgetary impact of 2 million euros, as estimated by the Portuguese Government.

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