

ADDITIONAL OF IMI

With the State budget, to 2017, a new tax was created, replacing the stamp duty on high-value real estate. This new tax was named "Additional IMI", that is, Council Tax additional to what is already paid annually to the city councils (usually in April, July and November).

A. PASSIVE SUBJECTS

The taxation procedure will depend on the subject that holds the assets, as we will see next.

1. Natural persons - Individuals

The additional IMI taxes the real estate assets of individuals when their assets, globally considered, exceed € 600,000 and only in the part that exceeds that value.

Thus, a couple that owns up to € 1.2 million in real estate, will not pay additional IMI. However, that same couple will pay it, if it has more than that value, just in part that exceeds € 600,000 + € 600,000. The same will happen if an unmarried taxpayer owns more than € 600,000.

Taxpayers who are married under joint ownership regimes who do not opt for joint taxation can, by joint declaration, identify the ownership of the buildings, indicating those that are property of each of them and those that are common property of the couple, between 1 April and 31 May.

2. Undivided inheritance

The unshared inheritance is treated as a legal person for tax purposes. To take advantage of this exemption up to the taxable value of € 600,000, it is necessary that the heirs:

A) through the head of family, present a declaration identifying all the heirs and their quotas;

(B) upon presentation of the above mentioned declaration, all heirs shall confirm their quotas, by declaration made by each of them.

Verónica Pisco – Responsabilidade Limitada

Avenida Almirante Mendes Cabeçadas, Caixa Postal 530-A, Vale do Lobo, 8135-018 Almancil.
Rua José Pinheiro e Rosa, Urb. Horta da Fábrica, Lt 12, R/C Dt, Fracção "A", 8800-676 Tavira.
Lagoa Business Center, Rua Coronel Figueiredo, 8400-306 Lagoa
Phone/Fax: 0351 289 358 382 mobiles: 0351 968 919 049 / 966 920 733 / 914 219 745 veronica.pisco-offi@sapo.pt
www.veronicapisco-lawoffice.com

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3. Legal persons

Legal persons, such as companies, associations, real estate funds, and similar persons, etc., will also pay an additional IMI on their real estate assets, except on those affected to their commercial activity. On the other hand, all assets not affected to the commercial activity taxed without exemption.

Hence, the criteria is not the activity sector, but rather the affectation or not of the real estate assets to the activity of the company.

B. The rates of additional IMI

1. Individuals and undivided inheritance

The additional IMI includes two rates for individuals: a rate of 0.7% for the taxable value between € 600,000 and € 1,000,000 and another rate of 1.0% for those which exceed a taxable value of € 1,000,000.

Taxable Value:	Additional IMI Rates (%)
0 and €600.000	0
€600.000 and €1.000.000	0,7
More than €1.000.000	1

2. Legal persons

Legal persons will pay 0.4% on the taxable value of real estate not related to their commercial activity. There is also a 7.5% rate applicable to "real estate assets owned by entities subject to a more favourable tax regime", i.e., based on what is commonly called "tax haven".

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Taxable Value:	Additional IMI Rates (%)
Real estate assets not affected to the commercial activity	0.4
Real estate assets affected to the personal use of the partners, members of the company's body or administration, direction, management or inspection, or their respective spouses, ascendants and descendants Until 1.000.000,00€ Above 1.000.000,00€	0,7 1
Legal persons based in "tax havens"	7,5

C. EXEMPTIONS

Real estate assets affected to commercial activities, services, industry and tourism will be exempted of this new tax.

The municipal companies are exempt.

Properties exempt from paying IMI will continue to be exempted from paying additional IMI.

D. Settlement and Payment

The AIMI is settled in the month of June, in the name of taxpayer that owns the assets on January 1st of the year to which it respects and must be paid until September of that same year.

When the option for the joint declaration is exercised by the spouses, there is a single settlement, becoming both jointly and severally liable for the payment of the tax.

E. Deductions

Deductions from IRS:

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It will be possible to lower the amount of income tax paid, by deducting the additional IMI from the amount of real estate income, such as rent (category F) and tourist accommodation or lodging (category B), thus avoiding double taxation in IRS.

IRC Deductions:

Legal persons may choose to deduct from the income assessed, and up to their competition, the amount of the additional IMI paid during the tax year, limited to the part correspondent to the income generated by real estate assets subject to it, In the scope of renting or lodging activity.

Or deduct this additional amount in the assessment of the income in IRC.

Verónica Pisco

(Lawyer and post-graduated in Taxation)

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