



TAX LAW AND REAL ESTATE LAW

JULY 2014

IMI (MUNICIPAL PROPERTY TAX) REDUCED FOR PROPERTIES THAT ARE RENTED OUT

The IMI Code establishes that municipalities may, by a decision of the municipal council, define geographical areas corresponding to parishes (freguesias) or specific areas of parishes and set a reduction of up to 20% in the rate, for the year in question, of the tax that applies to urban buildings that are rented out.

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The said reduction in IMI can be combined with other tax benefits, including the reduction of up to 30% in the IMI rate applicable in the year tax is charged on properties subject to urban rehabilitation or the fight against urban abandonment. This reduction also depends on a decision of the municipal council defining the geographical areas to which the benefit will apply.

Although this legal provision has existed since the IMI Code came into force on 1 December 2003, few municipalities have systematically applied the local tax policy at their disposition. When municipalities do adopt this measure, citizens may seek access to it by making an application addressed to the president of the municipal council.

In the specific case of the municipality of Lisbon, where the municipal council has already passed a decision to adopt the measure, the application can be made in person at service counters of the Lisbon Municipal Council, at no cost, by presenting the form available for this purpose together with copies of the following documents: (i) the Land Registry certificate issued within the past 6 months or the access code for the permanent certificate; (ii) the tenancy agreement validated by the tax office of the area where the property is located together with proof of payment of the applicable stamp duty; and (iii) the property description (*caderneta predial*) issued by the tax office within the past year.

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