



REAL ESTATE AND TOURISM

Changes to the ‘Mais Habitação’ Programme

Decree-Law 57/2024 was published on 10 September 2024 and entered into force the following day. This new Decree-Law introduces changes to Law 56/2023 of 6 October, the [Mais Habitação \(More Housing\) programme](#), which was approved by the previous Government. These changes include (i) the revocation of the extraordinary contribution on local lodging, (ii) the revocation of the vetustez (depreciation) coefficient applicable to local lodging establishments for the assessment of the municipal property tax (“IMI”) and (iii) the introduction of measures in relation to the municipal income tax (“IRS”) to facilitate geographical mobility.

PLMJ highlights some of the key aspects of Law 57/2024 below:

1. Revocation of special tax on local lodging and fixing of the vetustez coefficient applicable to local lodging establishments

The extraordinary contribution on apartments and lodging establishments located in an autonomous unit of a local lodging building (“ECLL”), created under the Mais Habitação (More Housing) programme, has been revoked. The rate - set at 15% of the taxable base - applied to owners of local lodging establishments (property owners who were not the operators of the above-mentioned establishments were liable for payment on a subsidiary basis) and was levied on the allocation of residential property to local lodging on 31 December of each year.

In any case, properties located in the interior of the country, in the civil parishes of the Autonomous Regions defined by regional legislative decree of the respective Legislative Assemblies and in civil parishes with certain criteria regarding housing supply and urban pressure were excluded from the payment of the ECLL.

The extraordinary contribution on apartments and lodging establishments located in an autonomous unit of a local lodging building (“ECLL”), created under the Mais Habitação (More Housing) programme, has been revoked.

In addition, dwellings that were not autonomous units or parts or rooms that could be used independently, as well as local lodging units used as a person's own permanent residence (as long as the operation did not exceed 120 days per year), were also exempted from the ECLL

In addition to the revocation of the ECLL, Decree-Law 57/2024 of 10 September also repealed the provision introduced by the Mais Habitação (More Housing) programme, which stipulated that the vetustez (depreciation) coefficient (one of the coefficients used to determine the taxable value of urban properties) applicable to buildings constituting, in whole or in part, local lodging establishments, would always be equal to 1. The direct consequence of this was an increase in the IMI (Municipal Property Tax) on local lodging establishments.

The repeal of these measures take effect on 31 December 2023.¹

2. Introduction of IRS (Personal Income Tax) measures to facilitate geographical mobility

Decree-Law 57/2024 of 10 September also introduced new amendments to the IRS (Personal Income Tax) Code ("CIRS"), in order to eliminate tax obstacles to geographical mobility.

It is now established that the minimum period during which a property must have been used for the taxpayer's own permanent residence prior to the date of its transfer in order to benefit from the exemption from capital gains tax is 12 months (instead of the previous 24 months). This may be reduced in the event of certain exceptional circumstances, in particular, changes in the composition of the household due to marriage or de facto union, or the dissolution of the marriage or the union, or an increase in the number of dependants.

In addition, in the context of the exclusion of taxation of capital gains arising from the transfer of immovable property intended for the taxpayer's own permanent residence, the law eliminates one of the requirements introduced in the CIRS (also under the Mais Habitação (More Housing) programme). This required that the taxpayer had not benefited from the exclusion regime provided for in the CIRS in the year in which the gains were realised and in the three preceding years, without prejudice to the possibility for the taxpayer to prove, during the assessment proceedings, that non-compliance with this requirement was due to exceptional circumstances.

Finally, a deduction has been introduced for personal income tax purposes, which establishes that the expenses incurred by the taxpayer in paying the rent for a property used as the taxpayer's own permanent residence may be deducted from the gross property income resulting from a residential rental contract, provided that the following conditions are met:

- the property generating the property income has been used as the taxpayer's or their household's own permanent residence for at least 12 months prior to being rented out;
- the taxpayer has moved their own permanent residence to a location more than 100 kilometres from the location of the property generating the property income; and
- both leases are registered on the tax authority website (Portal das Finanças)

¹ In accordance with the Rectification Declaration 34/2024/1 of 13 September 2024.

3. Previous changes made by the current Government to the Mais Habitação (More Housing) programme

The amendments introduced by Decree-Law 57/2024 of 10 September are not the first measures approved by the 24th Constitutional Government in the field of housing. The most important changes announced in the "[New Housing Strategy](#)" are (i) the revocation of the compulsory rental of vacant dwellings and (ii) the extension of the application of the extraordinary rent support scheme to rental contracts concluded after 15 March 2023, in cases where the previous contract was terminated at the initiative of the landlord and the current contract concerns the same tenant and property. These measures were approved by Decree-Law 43/2024 of 2 July.

More recently, the parliament approved Decree-Law 48-A/2024 of 25 July - which exempts the purchase of a permanent residence by young people up to the age of 35 from the municipal property transfer tax (IMT) and stamp duty - and Decree-Law 48-D/2024 of 31 July, which establishes exemptions and reductions in the fees payable for the registration of the first purchase and mortgage in these cases. ■