

Scientific Research and Innovation Tax Incentive





A. General remarks

The Scientific Research and Innovation Tax Incentive ('SRI') was introduced in the beginning of 2024 to attract highly qualified professionals and to promote research, development, and innovation activities in Portugal. The SRI focuses primarily on encouraging investment in **scientific research**, **innovative technology**, and **highly qualified employment** across industries that can significantly contribute to the Portuguese economy.

B. The benefits of the SRI

The SRI offers a competitive tax scheme for eligible individuals (please refer to section C below). Key features include:

- **Portuguese sourced employment and entrepreneurial or professional income** derived from eligible professions (i.e. those identified in [section D](#) below) will be taxed at a special flat rate of 20% instead of the general progressive rates (which may reach up to 48% plus surcharges, when applicable).
- **Foreign-sourced income** is exempt from Portuguese Personal Income Tax ('PIT'), excluding pensions (which are subject to progressive rates). However, this is an exemption with progression, which means that exempt income will still be taken into consideration to determine the rate applicable to other income subject to progressive rates.
- Dividends, interest, royalties, and capital gains obtained outside Portugal are, however, subject to a 35% rate whenever sourced in a blacklisted jurisdiction.
- **Standard Tax Treatment Option** - beneficiaries may choose to become subject to the standard PIT framework through income aggregation, thus becoming subject to progressive rates on their income.

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C. Eligible beneficiaries

to qualify for the SRI, individuals must meet specific criteria relating to tax residence, engagement in eligible professions and compliance with the applicable regulations.

- **Tax Residence** – beneficiaries must become **tax resident** in Portugal and must not have been tax resident in Portugal in any of the **five preceding fiscal years**.

Individuals who are tax residents in Portugal are liable to PIT on their worldwide income. This includes income in cash or in kind, regardless of where it is earned, or the currency used. All foreign-sourced income must be reported by tax residents in Portugal, but there is no obligation to report assets held in Portugal or abroad.

An individual becomes a tax resident in Portugal by meeting one of the following conditions:

- a) Remaining in Portugal for more than 183 days in any 12-month period that commences or ends in a certain fiscal year; or
- b) Having a dwelling in Portugal at any point during the this period, which demonstrates the intention to use it as their habitual residence.

- **Engagement in eligible professions** – the beneficiary must be involved in one of the eligible professions or activities (please refer to [section D](#) below) during the 10-year period in which the SRI applies.
- **Compliance** – the SRI applies for a total of 10 fiscal years. Notwithstanding the above, throughout those 10 years, beneficiaries must continue to be tax residents in Portugal and continue engaged in the eligible professions. If they temporarily cease one activity, they must resume another qualifying role within six months to retain the SRI benefits.

- **Non-Overlapping Schemes** – tax resident individuals cannot qualify for the tax incentive if they:
 - c) Have ever benefited from the Non-Habitual Resident scheme; or
 - d) Have opted for the special tax scheme for former residents.
- **Single Use of the SRI** – once the tax benefit is attributed, the 10 years are counted continuously. If the SRI beneficiary leaves Portugal and subsequently re-establishes residence, taxpayers cannot reapply for the incentive.

D. Eligible professions

1. University teaching and scientific research

2. Highly qualified professions (please refer to those professions identified in [Appendix 1](#)) carried out in:

- a) Companies benefiting from investment support tax schemes that have made significant investments within the past five years; or

- b) Industrial and service companies whose primary business falls under a qualifying activity code (“**Qualifying Companies’ Activities**” – please refer to [Appendix 2](#)) and which export at least 50% of their total revenue within two years prior to or during the year in which the individual initiates his or her work with the company.

3. Qualified jobs in key sectors

- Jobs in entities operating in key sectors, to be recognised by the Agency for Investment and Foreign Trade (AICEP, E.P.E.) or the Agency for Competitiveness and Innovation (IAPMEI, I.P.) as relevant to attracting productive investment and fostering regional economic equality, whose primary business falls under a qualifying activity code (please refer to [Appendix 3](#) and [Appendix 4](#), respectively, for qualifying jobs and key sectors).
- Qualified jobs or positions in the corporate bodies of companies which benefit from contractual tax incentives.

4. R&D personnel

- Employees whose roles meet the eligibility criteria for tax incentives within the R&D sector, as defined by Tax Incentives System for Business R&D (SIFIDE II).

5. Start-ups

- Jobs or positions in the corporate bodies of companies certified as start-ups (for the definition of start-up, please refer to [Appendix 5](#)).

6. Autonomous Regions of the Azores and Madeira

- Employment or activities of residents of Azores and Madeira, subject to further regulation by local government authorities.



E. Application process

the application process is rather straightforward and may be summarised through the following steps:

Step #1 – Submission of an application

Eligible beneficiaries (except for those enrolled in employment or activities in Azores and Madeira) must submit their application until 15 January of the year following the one in which they became a tax resident in Portugal through the web portal of the Portuguese Tax Authorities.

Step #2 – Assessment of compliance and communication to the Tax Authorities

The entities designated to assess the eligibility of beneficiaries will, until 15 February, assess whether the individual applications submitted through the Tax Authorities' web portal comply with the eligible professions requirements and will then forward all assessments performed to the Portuguese Tax Authorities.

Step #3 – Disclosure of information on the application status

The Portuguese Tax Authorities provide eligible individuals with information about the status of their application until 31 March.

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Appendix 1

(LIST OF HIGHLY QUALIFIED PROFESSIONS)

Professional activities

Code 112	General manager and executive manager of a company
Code 12	Manager of administrative and commercial services
Code 13	Manager of production and specialised services (except managers of other specialised services and professionals with command, management, or leadership roles in the security forces and services)
Code 21	Experts in physics, mathematics, engineering and similar technical fields (except architects, urban planners, surveyors and designers)
Code 2163.1	Industrial product or equipment designer
Code 221	Medical doctors
Code 231	University and higher education teachers
Code 25	Experts in information and communication technologies (ICT)

Employees engaged in the professional activities mentioned above must hold at least:

- a) Level 8 of the European Qualifications Framework or Level 8 of the International Standard Classification of Education (i.e., a PhD); or
- b) Level 6 of the European Qualifications Framework or Level 6 of the International Standard Classification of Education (i.e., a bachelor’s degree) and have three years of duly proven professional experience.

Other highly qualified professions

Directors, administrators and general-managers of companies with significant investments in the year they commence their roles or in the five preceding years, benefiting or having benefited from the Tax Regime for Investment Support (under the terms of the Investment Tax Code approved under [Decree-Law no. 162/2014 of 31 October](#)).

Appendix 2

(LIST OF QUALIFYING COMPANIES’ ACTIVITIES)

Mining and quarrying	Economic Activity Code’s (“CAE”) divisions 05 to 09
Manufacturing industries	CAE divisions 10 to 33
Information and communication activities	CAE divisions 58- 63
Research and development of physical and natural sciences	CAE group 721
University teaching	CAE sub class 85420
Human health activities	CAE sub classes 86100 to 86904

Appendix 3

(LIST OF QUALIFIED JOBS RECOGNIZED BY AICEP AND IAPMEI)

Professional activities

Code 112	General manager and executive manager of a company
Code 12	Manager of administrative and commercial services
Code 13	Manager of production and specialised services
Code 14	Manager of hospitality, food service, commerce and other services
Code 21	Experts in physics, mathematics, engineering and similar technical fields (except for architects, urban planners, surveyors and designers)
Code 221	Medical doctors
Code 231	University and higher education teachers
Code 241	Financial and investment consultants, and financial analysts
Code 25	Experts in information and communication technologies (ICT)
Code 2654	Film, theatre, television, and radio directors, producers, and related professionals
Code 31	Technicians and intermediate-level professionals in science and engineering

Other qualified jobs: Directors, administrators and general managers of companies.

Workers engaged in the professional activities and other qualified jobs mentioned above must hold at least Level 5 of the European Qualifications Framework or Level 5 of the International Standard Classification of Education.

In the case of regulated professions, evidence of compliance with the applicable legal requirements must also be provided.



Appendix 4

(LIST OF KEY SECTORS FOR QUALIFIED JOBS RECOGNIZED BY AICEP AND IAPMEI)

Mining and quarrying	CAE divisions 05 to 09
Manufacturing industries	CAE divisions 10 to 33
Electricity, gas, steam, cold and hot water and cold air	CAE division 35
Construction	CAE division 42
Accommodation, food service activities and other similar activities	CAE classes 5511 and 5512
Information and communication activities	CAE divisions 58 to 63
Financial and insurance activities	CAE classes 6420 and 6630
Consultancy, scientific and technical activities and other similar activities	CAE class 7010 and divisions 71 to 72
Administrative and support service activities	CAE class 8211
Education	CAE class 8542
Human health and social work activities	CAE division 86 (except for sub classes 86905 and 86906, thermal activities and other human health activities not elsewhere specified)

For the purposes of fund management activities, a company carrying out this activity in Portugal must hold a valid licence issued by the Portuguese Securities Market Commission (‘CMVM’) to engage in collective asset management activities or be directly or indirectly owned by another entity holding a valid fund management licence issued by the competent regulatory authority in any EU or EEA country.

Furthermore, the following economic activities are also recognised by AICEP as being relevant to the national economy, particularly in terms of attracting productive investment and reducing regional asymmetries:

- a) Other economic activities carried out within the scope of investment projects recognised as having Potential National Interest;
- b) Other economic activities carried out within the scope of projects recognised as Investment Projects for the Inland Regions of the Country.

Appendix 5

(CONDITIONS FOR RECOGNITION AS A STARTUP)

For a company to be recognised as a startup, it must cumulatively meet the following conditions:

- **Duration of Activity:** the entity shall have been operational for a period not exceeding ten (10) years.
- **Employee Threshold:** the entity shall employ fewer than two hundred and fifty (250) employees.
- **Annual Revenue Limitation:** the entity's annual turnover shall not exceed fifty million euros (€50,000,000).
- **Ownership Constraints:** the entity must not derive from the transformation or demerger of a large enterprise and shall not possess any direct or indirect majority participation from a large enterprise in its capital.
- **Presence in Portugal:** the entity shall maintain its registered office or a permanent establishment in Portugal or shall employ at least twenty-five (25) employees within the territory of Portugal.
- **Innovative Criteria:** the entity shall comply with one of the following conditions:
 - c) It shall be classified as an innovative enterprise with substantial growth potential, offering innovative business models, products, or services, or recognised by the National Innovation Agency (ANI) for the execution of research and development activities;
 - d) It shall have successfully completed at least one round of venture capital financing from a legally authorised entity subject to the supervision of the CMVM or a comparable international authority, or received contributions in the form of capital or quasi-capital from investors who are not founding shareholders, including certified business angels recognised by IAPMEI;

- e) It shall have obtained investment from Portuguese Development Bank (*Banco Português de Fomento, S.A.*), or from funds managed by said institution, or from companies affiliated with it, or from any of its capital or quasi-capital instruments.

If the entity does not satisfy the requirements set forth in point 6, it may still qualify for recognition as a startup if it can provide substantiated evidence of possessing an innovative business model, products, or services characterised by rapid scalability and significant growth potential.

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