



## REAL ESTATE

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# NEW RULES FOR HOSTELS

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Decree-Law 128/2014, which was published on 29 August, creates independent regulations for local accommodation (*alojamento local*) and had been anticipated for some months by the second amendment to the legal rules on tourist establishments.

In fact, the dynamic of market demand for tourist accommodation has led to the creation and proliferation of a number of new products which, in light of their relevance in the tourism market and associated importance in terms of tax, require a long-awaited specific legal framework that is truly distinct from the one that currently applies to tourist establishments.

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For the purposes of its application, the new law contains a definition of local accommodation establishments as “those which provide temporary accommodation services to tourists against payment”, in one of the following forms: (i) houses; (ii) apartments; (iii) lodging establishments (and hostels fall within the last of the three forms).

Hostels are regulated, in particular, in article 14, which provides that only lodging establishments where that majority of accommodation is in the form of dormitories (rooms with four beds or more or with bunk beds) may use the name “hostel”. This article also provides that additional requirements may be approved by future ministerial orders. Therefore, hostels must meet not only the general requirements for local accommodation, but also comply with their own specific regulations.

This new law imposes a number of obligations on those who operate local accommodation establishments. One obligation worth emphasising is the requirement to give notice of the start of or a change in the activity of providing such services to the Tax and Customs Authority so that there is no possibility of the activity being carried on in a way that involves tax evasion.

The new rules on operation local accommodation establishments come into force 90 after the above publication date.

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