

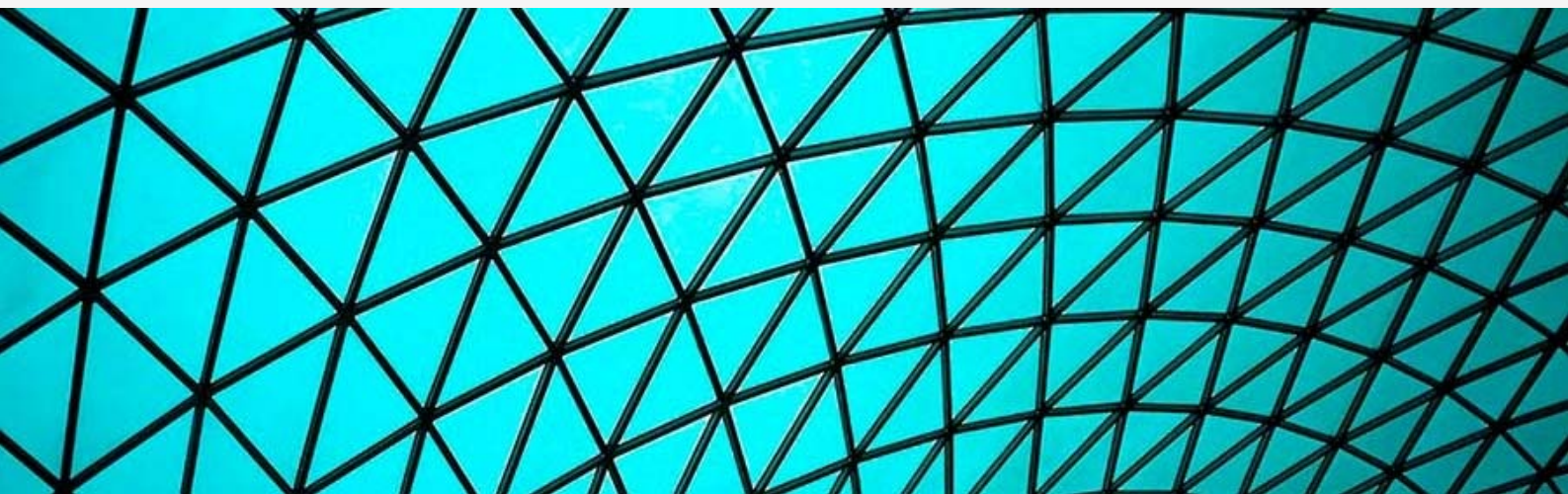
## Tax incentives for scientific research and innovation

### IFICI (Tax incentive for scientific research and innovation) – Publication of IAPMEI / AICEP notices and application form

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#### KEY ASPECTS

- The IFICI—a new tax incentive to attract qualified immigration—allows non-residents that become tax residents in Portugal to benefit from more favorable personal income tax (“IRS”) rates: 20% on certain category A and B income (employment and self-employment income, respectively) from national sources and 0% on most income from foreign sources when they meet certain requirements.
- The regime entered into force at the start of 2024, but several aspects still needed regulation. In particular, it was established that (i) the regime would apply to **qualified jobs** in entities that carry out **business activities that are important for the country’s economy**, as recognized by IAPMEI (*Agência para a Competitividade e Inovação, I.P.*, “IAPMEI”) and AICEP (*Agência para o Investimento e Comércio Externo de Portugal*, “AICEP”); and (ii) effective from 2024, eligible taxpayers must apply for **registration by March 15, 2025** (by January 15 thereafter) by submitting a form through the Tax Office website.
- On February 13, IAPMEI and AICEP published notices of eligible activities and projects for IFICI purposes. These included: (i) fund management, (ii) shareholding management, (iii) business and management consultancy, (iii) construction, (iv) accommodation and catering, and (v) potential national interest (PIN) or investment for the interior projects (PII).





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## Framework - IAPMEI and AICEP notices

The tax incentive for scientific research and innovation (“IFICI”) regime was included in article 58-A of the Tax Benefits Statute (“EBF”) by the 2024 State Budget and entered into force on January 1, 2024. It aims to attract qualified and specialized talent to Portugal by **granting a special 20% IRS rate on employment and self-employment income** from scientific research and innovation and from qualified jobs for 10 consecutive years. The regime also exempts **income from foreign sources from taxation in Portugal**, except for pensions and income paid or made available by entities that are domiciled in a country, territory or region subject to a clearly more favorable regime included in the list approved by an ordinance from the Minister of Finance (“tax havens”).

Among the activities covered by the regime are *“qualified jobs and members of corporate bodies in entities that carry out economic activities recognized by AICEP or by IAPMEI as important to the national economy in terms of attracting productive investment and reducing regional asymmetries”* (article 58-A.1(d) of the EBF).

On February 13, 2025, IAPMEI and AICEP published the **notices defining “qualified jobs” and economic activities recognized “as important to the national economy.”** They also identified the procedure for registering for the regime.

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## Qualified jobs

According to the IAPMEI and AICEP notices, **qualified jobs** are those within the following codes of the Portuguese Classification of Occupations:

- 112 - Directors (general and executive managers of companies)
- 12 - Directors of administrative and commercial services
- 13 - Directors of production and specialized services
- 14 - Managers of hotels, restaurants, shops and other services managers
- 21 - Specialists in physical sciences, mathematics, engineering and related technical fields
- 221 - Doctors
- 231 - University and higher education professors
- 241 - Finance and accounting specialists (except 2411, i.e., accountants, auditors, statutory auditors)
- 25 - Specialists in information and communication technologies (ICT)
- 2654 - Directors, producers and related managers in film, stage, television and radio
- 31 - Intermediate-level science and engineering technicians and professions

**Note I:** For the purposes of article 58-A(d) of the EBF, **directors, managers and managing directors of companies** are also considered qualified jobs.

**Note II:** The scope of highly qualified activities must be interpreted in accordance with the Portuguese Classification of Occupations and its explanatory notes.

**Qualification levels:** Workers in the professional activities identified above must have at least **level 5 of the European Qualifications Framework** (i.e., short-term higher education).



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## Economic activities important to the national economy

The **economic activities recognized as important to the national economy**, namely for attracting productive investment and reducing regional asymmetries, are those under the following codes of the Portuguese Classification of Economic Activities (“CAE”):

- Extractive industries - divisions 05 to 09
- Manufacturing industries - divisions 10 to 33
- Electricity, gas, steam, hot and cold water, and cold air - division 35
- Construction - division 42
- Accommodation, catering and similar activities - classes 5511 and 5512
- Information and communication activities - divisions 58 to 63
- Financial and insurance activities - classes 6420 and 6630
- Consultancy, scientific, technical and similar activities - class 7010 and divisions 71 to 72
- Administrative and support service activities - class 8211
- Education - class 8542
- Human health and social support activities - division 86 (except subclasses 86905 and 86906).

The notice issued by **AICEP** also recognizes the following as economic activities important to the national economy: **(i)** economic activities carried on under investment projects recognized as being of potential national interest (“PIN”)<sup>1</sup>; and **(ii)** economic activities carried on under projects recognized as investment projects for the interior (“PII”)<sup>2</sup>.

**Note I:** IAPMEI and AICEP have clearly chosen the economic sectors that can boost investment and increase national economic activity, including **construction, accommodation, catering, consultancy and financial activities**.

**Note II:** The scope of the activities in the above list of CAE codes must be interpreted in accordance with CAE, Revision 3, and its explanatory notes.

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<sup>1</sup> Under article 6 of Decree-Law 154/2013 of November 5, projects are recognized as PINs, at the promoter’s request, when they meet the following cumulative requirements: (i) they represent an overall investment of at least 25 million euros; (ii) they create at least 50 direct jobs; (iii) they have proven economic viability; (iv) they are adequately sustainable for the environment and the territory; and (v) they are submitted by recognized promoters with credibility. Exceptionally, when the investment value or job thresholds are not met, projects may also be recognized as PINs if they meet two of the following requirements: (a) internal research and development (R&D) activities amounting to at least 10% of the company’s turnover; (b) a strong applied innovation component reflected in a significant part of its activity anchored in a patent developed by the company; (c) obvious environmental interest; (d) a strong export vocation, i.e., a minimum of 50% of its turnover is directed at the international market; and (e) significant production of tradable goods and services.

<sup>2</sup> Under article 3 of Decree-Law 111/2018 of December 11, projects located in inland areas—understood as those established in Ordinance 208/2017 of July 13—are recognized as PII, at the promoter’s request, when they meet the following cumulative requirements: (i) they represent an overall investment of at least 10 million euros; (ii) they create at least 25 direct jobs; (iii) they have proven economic viability; (iv) they can have adequate environmental and territorial sustainability; (v) they have a positive impact in at least three of the following areas: (a) use of the endogenous resources of the region in which they are located; (b) enhancement of the region’s natural or cultural heritage; (c) inclusion in the region’s specialization strategy; (d) production of innovative tradable goods and services that gives them a competitive edge in the global market; (e) introduction of technological processes that are innovative or developed in collaboration with regional scientific and technological system entities; and (f) drag-along effects on upstream or downstream activities, particularly on small and microenterprises in the region in which they are located. Exceptionally, when the investment value or job thresholds are not met, projects that meet three of the following requirements may also be recognized as PII: (i) a declaration of recognition of municipal interest; (ii) obvious social and environmental interest; (iii) internal research and development activities amounting to at least 5% of the company’s turnover; (iv) a strong applied innovation component that proves the introduction and development of technological processes carried out in collaboration with recognized scientific and technological system entities; (v) installation of a production base with strong regional incorporation—competitiveness clusters—creating gross added value; and (vi) investment projects from the diaspora.



**Note III:** IAPMEI is identified as the competent authority to receive and review applications for registration from taxpayers that work for a legal person whose consolidated annual turnover in the preceding financial year was **less than 75 million euros**.

**Note IV:** AICEP is identified as the competent authority to receive and review applications for registration from taxpayers that work for a legal person whose consolidated annual turnover in the preceding financial year was **at least 75 million euros**, as well as taxpayers that work for a legal person carrying out its activity under a project recognized as PIN or PII.

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## Shareholding and fund management activities

The inclusion of this economic sector is highlighted for its potential impact on the Portuguese business framework, extending the IFICI regime to qualified jobs in companies classified as financial and non-financial **holding companies** (class 6420).

In addition, including class 6630 in the Annex B list of activities allows access to the regime for those that hold qualified jobs in **fund management activities**, namely **management companies of collective investment undertakings**.

For the purposes of class 6630, companies engaged in fund management in **Portugal must hold a license issued by the CMVM** (Portuguese Securities Market Commission) **or be owned**, directly or indirectly, **by another entity that holds a license** issued by the competent regulatory authority **in any European Union or European Economic Area country**.

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## Developments in relation to Ordinance 352/2024/1

The notices issued by IAPMEI and AICEP establishing the professions considered as qualified jobs and the economic activities recognized as important to the national economy to apply article 58-A.1(d) of the EBF **stand out because of their range**, compared to Ordinance 352/2024/1 of December 23, which regulates the IFICI regime.

The set of qualified jobs extends access to the IFICI regime to **managers of hotels, restaurants, retail and other services, finance and accounting specialists, as well as directors, producers and managers in the communication and audiovisual sector**. There is no requirement to prove three years' experience in the profession, and the minimum qualification is reduced to level 5 of the European Qualifications Framework.

The economic activities considered important to the national economy are also extended to include **sectors such as construction, accommodation, catering and consultancy activities, as well as shareholding and fund management**.

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## Registration form – Ministry of Finance Ordinance 2416-A/2025

On February 20, 2025, the long-awaited **official IFICI regime registration form** was published, along with instructions, in Ordinance 2416-A/2025 from the Ministry of Finance. This form will enable taxpayers **to apply for registration under the regime** to the competent entities for the activity in question.

Taxpayers must submit their registration applications by accessing the Tax Office website to complete and submit the form, along with the documents required to assess the application, as stipulated in article 4 of Ordinance 352/2024/1 of December 23.

**Registration deadline:** January 15 of the following year in which they become tax residents in Portugal, except for taxpayers **that become tax residents by December 31, 2024**, who may submit the registration application **until March 15, 2025** (transitional regime).



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## Pending publication

For the IFICI regime to be fully operational, we are awaiting developments regarding the publication of **the regional legislative decrees of the Azores and Madeira**, which will establish other jobs and activities important for tax residents in these autonomous regions to apply the IFICI (see article 58-A.1(g) of the EBF).



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