

THE NEW LEGAL FRAMEWORK FOR INVESTMENT RESIDENCE PERMITS (GOLDEN VISA)

1. THE CURRENTLY APPLICABLE LEGAL REGIME

The Portuguese Golden Visa Program, in force since 2012, is intended to allow third-country nationals (non-European), who aim to carry out investment activities in Portugal, to obtain a temporary residence permit.

Golden Visa beneficiaries have the right to live and work in Portugal, in addition to the possibility to move within the Schengen area.

The beneficiaries can also request family reunification and eventually apply for permanent residence or Portuguese nationality, if they comply with the other requirements established in the nationality law.

Since 2012, more than 9,000 residence permits for investors have been granted, and more than 16,000 residence permits have also been approved through family reunification.

2. AMENDMENTS IN FORCE ON 01/01/2022

Although contested by the real estate sector, the Decree-Law no. 14/2021, of 12 February, is scheduled to come into force on 01 January 2022, amending the legal regime for residence permits for investment in the Portuguese national territory.

This alteration, with a strong political motivation due to the fact that some currents of opinion associate Golden Visas to some pressure on the prices of the residential segment, reinforcing a gentrification trend, with prices per m² increasingly higher in the cities of Lisbon and Porto.

These changes (which in practice represent true restrictions) come, from an economic point of view, out of time. It was a reform conceived in a pre-pandemic time, but when it comes into force in a scenario in which the Portuguese economy should maintain its focus on attracting real estate investments, it may convey an idea of less attractiveness (and freedom to invest) in a sector considered to be one of the drivers of the Portuguese economy.

As a central aspect of the changes to be in force as from January 1st, 2022, we may say that the investments entitling to a Golden Visa are now restricted, through an increase in the minimal value for investments, as well as by the barring of the eligibility of the coastal regions regarding investments in the residential segment.

We can summarize the changes in the following topics:

a) The minimum investment carried out by means of capital transfer increases from Euro 1 million to Euro 1.5 million;

b) The investment by acquiring units in investment funds or venture capital funds intended for the capitalisation of commercial companies is increased from EUR 350,000.00 to EUR 500,000.00;

c) Investments in residential real estate only allow access to the Golden Visa if made in the Madeira and Azores regions or in "low density" interior territories. For investments in non-housing assets there are no restrictions in the coastal territories (namely Lisbon, Oporto and Algarve).

It should also be mentioned that when the investment is made in real estate built at least 30 years ago, or aims at an urban rehabilitation operation, the investment value remains unchanged.

The current regime will be maintained until 31 December 2021, and applications for residence permits based on the currently eligible investments must be submitted before that date.

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