

IMI Tax Reduced!

MUNICIPAL PROPERTY TAX (IMI)

By now every property owner in Portugal will have received their IMI tax demand for the year 2016.

Having received our own demand we were pleasantly surprised to find it had dropped dramatically from last year by 21%.

This applies to the Municipality of Loule who have reduced the rate from 0.38% to 0.30% of the "rateable value" (not the market price, in many cases typically half the current market price). We don't know what other Councils have done.

The above applies to those with property with "rateable values" (Patrimonial Value) below €600k, remember not "market price."

If you fall into the €601 -€1,000,000 bracket they have added an additional tax of 0.7% on the amount over €600,000 and for those over €1m there is also an additional tax of 1% on the value over the €1m level although this is actually a reduction on the previous amount.

If your property is owned via an Offshore Company which is "White Listed" you pay an additional fee of 0.4% but if your Offshore Company is in a "Black Listed" territory you pay a whopping 7.5% per year.

When you as an individual are assessed for your liability it is your share of the property that is taken into account in the case of joint ownership but also is the sum of all properties you own.

Are more tax cuts on the way?

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Norton & Mackenzie offer a comprehensive portfolio of property management, long term rentals and quality holiday lets in Vilamoura.

In addition we are fully conversant with the new law regarding renting out holiday properties in Portugal should you require advice about getting a license and being compliant. Previously there were no active checks carried out, no action actually taken and hence no penalties transpiring. Under the new regime the newly appointed authorities (ASAE) have full transparency from analysing internet advertising to physical visits to properties to check who is in residence. More importantly they have the resource to do this which the local councils never had. There is even a liaison between the tax office and utility Companies to cross check consumption in “empty” properties.

[If you would like more information e-mail: marketing@NortonMackenzie.com](mailto:marketing@NortonMackenzie.com)

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