



Portugal – January 2021

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THERE ARE 84 MUNICIPALITIES THAT WILL HAVE A LOWER IMI IN 20211

There are 84 municipalities that will have a lower IMI in 2021

Next year, property taxpayers in 84 municipalities across the country will pay less municipal property tax (IMI) than in 2020. These municipalities have decided to reduce the fees to be charged for properties held on December 31 of this year, according to data collected by the DV on the finance portal and in the minutes of town halls that had not yet informed the amount of tax to be applied to the tax administration.

Unlike this year, there was no municipality to increase the rate, at least for the 298 municipalities for which data are available (308 municipalities in total). In 2020, Castro Marim, in the Faro district, decided to increase the rate from 0.35% to 0.40%, a value that remains in 2021.

The IMI rate to be applied in each municipality is decided by the respective municipal officials, because it concerns the own income of the municipalities. The tax is levied on urban and rustic buildings, with a rate between 0.30% and 0.45% in the first cases and 0.80% in the second. In certain special cases, the maximum rate to be applied may reach 0.50%, for municipalities that are part of a municipal adjustment program, such as Vila Real de Santo António, in the district of Faro.

The rate to be applied can also be defined from parish to parish, as in the case of Gondomar, which has an average rate of 0.395%, but two IMI rates for two groups of parishes. Until December 31 of each year, all municipal councils must communicate to the tax and customs administration the rate they will apply in the interval indicated. In the investigation conducted by Dinheiro Vivo, discrepancies with the data are detected, which may result from loading errors or other situations.

Less with maximum rate

As has happened in recent years, when the number of municipalities applying the maximum rate has decreased, in 2021, the same thing is happening again. On the survey carried out – covering 96% of municipalities – only eight will apply the maximum value of 0.45%. This lot includes the municipalities of Alandroal, Caminha, Cartaxo, Mafra, Nazaré, North-East, Vila Franca do Campo and Vila Nova de Poiares.

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In the case of Vila Real de Santo António, as already mentioned, this is a special situation. In most cases, the aforementioned justification is linked to the municipalities' cash flow difficulties.

Compared to last year, for the same universe of municipalities, there are at least five municipalities practicing the maximum rate authorized by law. In this group are the municipalities of Resende, Santa Comba Dão, Fornos de Algodres, Portimão and Setúbal. Most opted for discounts between 0.05 percentage point and 0.01 point.

In the share of rooms with a minimum authorized rate of 0.30%, there are more and more municipalities. For 2021, the IMI payable by owners – and in most cases by voters – is the lowest allowed in 170 municipalities. Considering the universe for which data already exists, and compared to 2020, there are at least ten more with a lower rate.

Support for families

In addition to being able to reduce IMI fees, rooms can also provide additional support for families with larger families. This is a “fixed deduction per household” – the family IMI – which allows a reduction of between 20 euros and 70 euros to be applied, depending on the number of children.

For families with dependents, the standard deduction is 20 euros, two dependents cost 40 euros and three or more children cost 70 euros. For families to have access to this reduction on the IMI bill, dependent children must be under the age of 25 and have no income. To calculate the discount, from the amount of tax due (multiplying the municipality's IMI rate by the net value of the property), the discount allocated by the municipality to the household must be subtracted.

In 2020, 235 municipalities decided to grant the reduction to families. For 2021, it is still not possible to have everything, but the universe is expected to grow. For example, Espinho joined the list of people with a family IMI.

Municipalities can only grant reductions after a certain number of children, as is the case with Entroncamento, where the standard deduction is reserved for households with three or more children, i.e. 70 euros.

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