



Buying Off Shore - Corporate Ownership

This is a legitimate and a convenient way of buying a property in Portugal without having to pay the high rate of IMT – property transfer tax.

When a property owned by an Off Shore Company is bought, its shares rather than the property itself change hands.

The property itself is an asset of the company and buyers purchase shares in the company. This transaction takes place under the jurisdiction of the area in which the company is based. Today these corporate structures are usually situated in Malta or Delaware (USA). A share Purchase Agreement is drawn up, the usual deposit paid and a completion date set in the usual manner. The immediate benefits of such a transaction are its simplicity and the fact that all documentation proceeds in the English language. And there are no local stamp duty taxes to be paid.

Buying off shore avoids property tax (IMT) and notary and registration costs. These costs are generally around 8%.

Anonymity of the owners of the company, the avoidance of capital gains are advantages. Furthermore dealing with inheritance laws is made simpler as on death, there is no chargeable event in Portugal and the property remains unchanged.

A disadvantage of owning a property in an off shore company can be if it ever became necessary to sell the house out of the company it would involve a capital gains tax (Mais Valias) in Portugal on the profit made by the company. You should also consider if the value of your property justifies the long term running costs of the company.

Both parties do still require a local lawyer as the usual searches on the property here in Portugal must be carried out, and most local lawyers are familiar with this type of corporate transaction.

The advantages / disadvantages of the use of an offshore company should, in our opinion, be discussed with your lawyer and/or accountant.

