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CRYPTO

Is Portugal a

CRYPTO TAX HAVEN?





Iberian Lawyer interviewed some of the most active Portuguese lawyers who advise clients in the world of crypto currency

by michael heron

OPAQUE PITFALLS?

This all sounds great on the surface, but are there any pitfalls from a tax perspective that the market should be aware of? We turn to one of Portugal's leading Tax experts who is active in this space. **Rogério M. Fernandes Ferreira** is the founding and managing partner at the boutique RFF. He also confirmed the lack of taxation for capital gains on crypto trading but went into more depth: "It is important to note that companies and other legal entities are taxed in Portugal over their income under Corporate Income Tax (CIT), being the individuals taxed over their income under Personal Income Tax (PIT). In what regards to the taxation of income derived from digital tokens received by corporate investors in Portugal the applicable legislation leaves no doubts: all income should be considered for the calculation of the entity's taxable profit, which is then subject to CIT."

With regards to taxation on NFTs, it would seem there are some complications. Fernandes Ferreira adds: "Contrarily, the effective subjection to taxation of income derived from digital tokens received by individuals rise issues and depends also from the precise situation at hand. In this sense, each type of digital tokens may potentially generate different types of income which, insofar falling in any of the PIT categories would be subject to taxation in Portugal."

NEW LEGISLATION ON THE HORIZON?

It is clear that any new market brings challenges and a degree of uncertainty, but Rogério M. Fernandes Ferreira, despite his prior warnings, sums things up perfectly for us: "The current lack of tax framework for cryptocurrency keeps Portugal on the (increasingly shorter) list of countries that do not yet tax the income arising from these type of assets, which may also consolidate Portugal as an attractive destination for individual investors." It would appear that Portugal remains a crypto tax haven of sorts, for now. Watch this space. 