

Newsletter

Real Estate

News-Flash – Law no.
19/2022, of 21 October



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It was published on 21 October, the Law no. 19/2022, that, to contain the impact of the existing inflation as a consequence of the existing context: (i) establishes the annual rent update coefficient for the several types of urban and rural lease agreements for the year of 2023; and (ii) creates an extraordinary support to the lease agreements.

The referred to legal changes shall entry into force, respectively, on the day following its publication (as regards the annual rent update coefficient) and between 1 January and 31 December 2023, as regards the extraordinary support to lease agreements, as follows:

- **Annual rent update coefficient**

It is foreseen that, during the civil year of 2023, the usual annual rent update coefficient applicable to the several types of lease

agreements, foreseen in the New Urban Lease Legal Regime (“NRAU”) shall not be applicable. Pursuant to the NRAU, the annual rent update coefficient is determined by the National Statistics Institute, and usually results of the variation of the consumers price index without habitation, corresponding to the prior 12 months considering the available data on 31 August.

For the purposes of the above, it is established that: (i) the coefficient in force during the year of 2023 shall be 1.02 (without prejudice of being agreed otherwise by the parties); and (ii) to the lease agreements whose rent update is determined pursuant to the NRAU provisions, such coefficient of 1.02 shall also be applicable.

- **Extraordinary support to the lease agreements**

The Law 19/2022 furthermore foresees an extraordinary support to the lease agreements, corresponding to temporary change in the taxation of rental income arising from lease agreements and received during the year of 2023, by means of the application of support coefficients (which, in practical terms, corresponds to a deduction to the final tax amount as determined by the relevant authorities), determined in connection to the applicable tax rate.

In light of the above, and in relation to the Personal Income Tax, in the determination of rental income, the rents of the rustic, urban or mixed buildings, paid or made available to its owners, to which the generic rate or the autonomous fixed rate of 28% applies, shall be obtained with the application of a support coefficient of 0.91.

Differently, and as regards the rental income to which one of the special rates legally foreseen for long term lease agreements (and that, pursuant to the applicable law, are subject to reduced tax rates), the following support coefficients shall apply:

Taxa especial aplicável	Coefficiente de apoio
26 %	0,90
24 %	0,89
23 %	0,89
22 %	0,88
20 %	0,87
18 %	0,85
16 %	0,82
14 %	0,79
10 %	0,70

Lastly, and as regards Corporate Income Tax, the determination of the rental income shall be obtained by means of application of the coefficient of 0.87 to the tax due (coefficient not applicable, however, to companies subject to corporate income tax under a simplified regime of determination of taxable income).