



NEWS, LATEST, CURRENT TOPICS

# INCENTIVES FOR THE PURCHASE OF REAL ESTATE FOR PRIMARY RESIDENCE BY YOUNG PEOPLE UP TO 35 YEARS OF AGE

**“In June and July 2024, measures were approved to support young people up to the age of 35 in the acquisition of real estate for their primary residence (...)”**

In June and July 2024, measures were approved to support young people up to the age of 35 in the acquisition of real estate for their primary residence, namely, a personal guarantee from the State to credit institutions and tax benefits that exempt young people from paying property transfer taxes.

On July 10, 2024, Decree-Law No. 44/2024 was published, which establishes the conditions under which the State can provide personal guarantees to credit institutions with a view to obtaining credit for their own and permanent habitation by young people up to the age of 35.

It should be clarified that this Decree-Law needs further regulation, to be approved within 60 (sixty) days after its publication. Young people will then benefit from this measure, after the specific regulation comes into force.

The State's personal guarantee is provided for the acquisition of the first primary home, upon verification of the following conditions by the young person or young couple:

1. Be between 18 and 35 years of age and have tax residence in Portugal;
2. Benefit from income that does not exceed the 8th IRS tax bracket (€81,199.00 gross income per year);

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3. Not be the owner of an urban building or unit of an urban residential building;
4. Never have received personal guarantee of the State that is provided for in the Decree-Law;
5. The acquisition value of the property does not exceed €450,000.00;
6. The State's personal guarantee does not exceed 15% of the value of the acquisition of the urban building or unit of an urban building;
7. The personal guarantee of the State is intended to enable the credit institution to finance the entire transaction price of the urban property or unit of an urban building.

It should be noted that this measure may be cumulative with the exemption from the payment of Municipal Property Tax (IMT) and Stamp Duty, also intended for the acquisition of their first primary residence by people up to 35 years of age, approved by the Assembly of the Republic on June 20th through Law No. 30-A/2024 and later regulated by the Government through Decree-Law No. 48-A/2024, of 25th July.

The IMT and Stamp Duty exemption is applicable to young people aged 35 and who in the year of acquisition of the property are not considered dependents in their household for income tax purposes and provided that the acquisition value of the property does not exceed €316,772.00.

It should be noted that in the case of acquisition of property by a young couple, which becomes a common asset of the couple, the verification of the conditions for exemption from IMT and Stamp Duty is carried out individually in relation to each spouse in equal parts.

Young people who, at the date of acquisition of the property or in the previous three years, own or have any other right over an urban building intended for habitation are excluded from this measure.

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Finally, it should be noted that if, within 6 years from the date of acquisition of the property a different use is made of same (for example, if a short term letting license is requested), the young person or young couple will lose the benefit of tax exemption, except in the following cases:

1. Sale;
2. Change in the composition of the respective household, due to marriage or partnership, dissolution of marriage or partnership or increase in the number of dependents, provided that the building remains exclusively intended for habitation;
3. Change of the workplace to a distance of more than 100 km from the building, provided that the building remains exclusively intended for habitation.

In order not to cause loss to the Municipalities in view of the creation of this exemption from payment of IMT, it was determined that the Municipalities will be entitled to receive compensation, calculated under the terms of the applicable Law.

