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H.E. Portuguese Minister for Finance and President of the Eurogroup
Mr. Mario Centeno

Strasbourg, 30 May 2018

Dear Minister
Professor Mario Centeno,

Since the implementation of the income-tax exemption system for retired foreigners, approved by the Decree-Law n.º 249/2009 of 23 September 2009, thousands of retired foreigners have settled in Portugal without paying taxes on their pension, neither in Portugal, nor in their home-country. The tax regime of non-habitual residents in Portugal targets pensioners, self-employed persons and non-resident workers - dependent or self-employed - who wish to establish a temporary residence in Portugal.

In order to be considered as non-habitual residents it is sufficient that in the year to which the income is paid they have remained in Portugal for more than 183 days. In 2012, obligation to provide proof of previous residence and taxation abroad was lifted.

The injustice of this beggar thy-neighbour and tax-dumping policy is felt at various levels: those who benefit from this system, often wealthy foreigners who buy property in Portugal, have an advantage *vis-à-vis* the citizens of their home-country, by not paying due tax. It is also clearly an unacceptable discrimination *vis-à-vis* Portuguese citizens in Portugal and returning emigrants who do not benefit from this system and are unduly burdened.

The effects of this policy are visible through the housing prices in the main cities, which have become increasingly unaffordable for Portuguese taxpayers with few resources. Furthermore, the regime stimulates a serious problem of international tax competition and a “race to the bottom” in the European Union, in this case, concerning personal income tax.

Dual tax exemption goes against the European Union’s principles of fair taxation and equity. I urge you to put an end to this situation and revoke this regime as Finance Minister of Portugal and President of the Eurogroup.

Best regards,
Ana Gomes

Ana Gomes
Member of the European Parliament

cc: Pierre Moscovici, European Commissioner for Economic and Financial Affairs, Taxation and Customs