

FEBRUARY 24TH, 2023

REDEMPTION OF RETIREMENT SAVINGS PLAN (PPR), EDUCATION SAVINGS PLAN (PPE) AND RETIREMENT AND EDUCATION SAVINGS PLAN (PPR/E)

The State Budget Law for 2023¹, amended Law 19/2022, dated 21 October², following which the Portuguese Tax and Customs Authority published Circular 20251, dated 7 February, regarding the redemption of Retirement Savings Plans (“PPR”), Education Savings Plans (“PPE”) and Retirement and Education Savings Plans (“PPR/E”).

In this context, the following special redemption regimes are currently in force:

1. REDEMPTION OF PPR, PPE AND PPR/E

Under this special set of rules, taxpayers may redeem monthly, between October 1st, 2022 and December 31st, 2023, an amount corresponding to the Social Support Index (IAS), without any penalty or fiscal impact.

This translates into the redemption of the following amounts:

- Between October 2022 and December 2022, a monthly amount of **€443,20** (total of €1.329,60);
- Between January 2023 and December 2023, a monthly amount of **€480,43** (total of €5.765,16).

2. REDEMPTION OF PPR, PPE AND PPR/E – CREDIT FOR PERMANENT HOME OWNERSHIP

The above-mentioned Law was, in the meantime, amended by the State Budget Law for 2023, and now foresees the possibility of redemption, during 2023, without penalty, of the partial or total value of PPRs, PPEs and PPR/E, for the payment of instalments on contracts resulting from:

- Housing credits secured by mortgages on property intended for the participant's own and permanent residence;
- Loans for the construction and improvement of property for own and permanent residence.

¹ Published by Law 24-D/2022 of December 30.

² Which has already been the subject of a Newsletter by Pares|Advogados.

There is no maximum limit for redemption in this modality.

The above-mentioned Circular issued by the Portuguese Tax and Customs Authority clarifies the following:

- The two redemption regimes that are now in place can be used cumulatively;
- The monthly limit value of the IAS is calculated per taxpayer and not per policy or financial institution;
- When applying for a refund, taxpayers must declare that the amount redeemed does not exceed the monthly limit.

PARES | Advogados is available to provide information on this and other subjects in a more personalized and adequate manner to each client's reality, being able to assist its clients in any matter in the area of tax law.

Marta Gaudêncio
msg@paresadvogados.com

Maria Norton dos Reis
mnr@paresadvogados.com

Lourenço Gouveia Fernandes
lngf@paresadvogados.com

This Newsletter is intended for clients and lawyers and does not constitute advertising. Its copy, distribution or any other form of reproduction is forbidden without the express authorization of the authors. The information contained herein is of a general nature and does not dispense with the need to obtain legal advice before making any decision regarding the matter under discussion. For further information, please contact **Marta Gaudêncio** (msg@paresadvogados.com), **Maria Norton dos Reis** (mnr@paresadvogados.com) or **Lourenço Gouveia Fernandes** (lngf@paresadvogados.com).