

Freelancing in Portugal

In this article we summarize how freelancing in Portugal works. If you would like to know more about this situation, we highly recommend you contact us for a personal consult.

Portugal has a split in 2 types of freelance business structures:

Categoria B – Regime Simplicado: This is the simplified regime. Portugal created this structure to make freelancing administration as easy as possible. In this regime you don't need to calculate your profits and losses. The government gives you a prearranged percentage.

For example:

If you start a small consultancy firm with Regime Simplicado. 75% of your revenue will go to your Portuguese income taxes (IRS). 25% is tax free and considered costs for your business.

You can apply this business structure until **€200.000** gross income.

Categoria B – Contabilidade Organizada: For this regime you need a certified accountant to manage your bookkeeping. He will be responsible to sign off your profit and losses. If you are a freelancer and you earn more **€200.000** per year, you won't have any other option than choosing Contabilidade Organizada.

Rules that count for both regimes

- **IRS:** IRS is the Portuguese income taxes. The IRS reports should be submitted between April and May. The profits of your freelance business will go straight to your IRS and then follow the rules of Portuguese income taxes.
- **IVA:** VAT in English terms. For regime Simplicado you have the choice to submit the VAT reports monthly or quarterly. If your annual income is below €12.500, you are exempted. If your annual income is higher, but all of your clients are outside of Portugal but inside the European union, you can be exempted as well. This is called "intra-community services". You will have to double check if you client is registered correctly, by visiting [VIES](#).
- **SS:** The Segurança Social is the Portuguese national healthcare. The first year you will be exempted from contributing to Segurança Social. The second year, they will base your annual contribution on the revenue of the first year. The annual costs are more or less 11% of your annual revenue.