

LEGAL ALERT – FEBRUARY 2023

PORTUGUESE GOLDEN VISA – REPORTING ON RECENT DEVELOPMENTS

On the 16th of February 2023, the Portuguese Prime Minister announced a [package of measures](#) addressing housing, which includes closing the Golden Visa regime.

In the official document announcing the measures, no significant detail is provided with the exception that the Government intends to terminate new applications and include new measures for renewal (every two years) of Golden Visa granted based on real estate investment by requiring that either: (i) the property is allocated to the owner's own and permanent residence or his/her descendants; or (ii) it is the subject to a long term lease of at least 5 years.

It should be noted that this announcement follows other European countries reversing similar regimes, such as United Kingdom and Ireland. Also in Spain a Draft Law was proposed in Parliament to also restrict real estate investment via Golden Visa. Already back in 2022, the European Commission launched infringement procedures against Cyprus and Malta for their investor citizenship schemes.

The measures announced still need to be drafted and approved by the Portuguese Parliament. The procedure will include a 1-month public hearing followed by a Draft Law to be released by March 16th. We expect a period of one month for final approval by the Parliament plus and additional period for final publication. In Parliament, it is expected that certain amendments to the final text are discussed and possibly approved so at this time it is very difficult to anticipate the final result of the law.

Even if it is hard to anticipate the final text, we summarize the key points:

1. The intention is to terminate the Golden Visa program as it is currently designed.
2. Real Estate investment option is the main focus and will likely be eliminated altogether.
3. It remains unclear what will happen to other investment routes, such as most commonly used of investment/venture capital funds, but would expect those also to be eliminated or further restricted.
4. Expect a new emigration route via the investment to support culture heritage and arts (that currently represent a small fraction of the total investments under the programme).
5. Expect a termination date, when applications for Golden Visa made after that date will be governed by the new rules.
6. Expect a grandfathering provision under which old rules continue to apply to investments made under the existing law while new rules will apply to future cases.
7. Expect new restrictions on renewals of Golden Visa when the underlying investment is residential real estate.
8. No expected changes on the remaining immigration options for Portugal, namely Own Funds or Retirement Visas (D7 visa), Digital Nomad Visas, Work Visas and Start-Up Visas.

As regards current and prospective Golden Visa investors, we should single-out the following:

- **Type 1: GV Investors with the residence card issued:** With the exception to the investors that have made the investment in real estate, we do not expect further restrictions on the renewal or the nationality route at the end of the investment period.

- **Type 2: GV Investors with Biometrics undertaken awaiting residence card:** The same as Type 1. No expected impact with the exception if real estate is the investment and is not allocated to main residence or rented out under a long-term agreement.
- **Type 3: GV Investors awaiting biometrics (application concluded):** The new rules are not expected to be retroactive and impact on investment and applications already made before the public announcement and as such the same outlook as for Type 1/2 above.
- **Type 4: GV Investors awaiting finalization of application/investment:** At this stage we recommend to wait for the draft law to monitor the entry into force and grandfathering rules that will be included. If investments are imminent, we recommend to the extent possible to add clauses for the event where changes to the Golden Visa affect the investor.

A final take that at Kore Partners, we remain confident that new immigration routes will open to allow investment in Portugal to continue. We will continue to monitor the legislative process and report on any meaningful development and remain available for any questions that may arise.

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