



# New Dawn for Stock Options in Portugal



***"Portugal may not be a perfect country but across Europe has been able to build grounds as a top startup destination"***

**Fostering a favourable business environment is about providing new tools to the "tool-box"**

**New rules to apply from 2023 for employee stock option plans (ESOPs) aim at creating an attractive tax regime**

# Tax treatment as from 1 January 2023

Deferral of income taxation until the moment of actual disposal of securities acquired through the ESOP exercise

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Minimum 1-year holding period by the holder of ESOP

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Only 50% of gains taxable, i.e. effective rate of 14%

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Taxable gain = sales proceeds minus price of exercise and any amount paid for ESOP

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Loss of status as Portuguese tax resident within the deferral period gives rise to exit tax

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- **01** New incentive applies to ESOPs granted by entities that qualify as micro, small or medium sized companies, or Small Mid Cap
- **02** New incentive applies to entities carrying innovative activities (i.e. R&D, patents, industrial models or computer programs) when such activities correspond to 10% of total expenses or turnover
- **03** Individual founders of startups, micro or small companies may benefit from the regime
- **04** Board members or founders of medium sized company or Small Mid Cap, with direct/indirect stake above 20% of share capital/voting rights of entity granting the ESOP are excluded from regime