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A d v o g a d o s

Insights

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About the Passive Income Earner Residence Permit aka the D7 Visa

Synopsis

Portugal has a rich seafaring past and is one of Europe's well-preserved gems with its land of traditional villages, vibrant and tech-enabled cities, and a countryside strewn with historical treasures.

A member of the European Union ("EU") since 1986, Portugal is one of the popular countries in which to live in Europe.

There are several residence programs available, such as the Golden Visa, Work Permit, Entrepreneur Residence Permit, amongst others.

However, the Passive Income Earner Residence Permit, also known as D7 Visa, is an increasingly popular option for residing in Portugal.

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Entry and residence in Portugal for non-EU citizens

Portugal allows citizens from many countries to visit the country as tourists for a period of up to 90 days, allowing travelling to other Schengen countries. These tourist visas can be extended for a further period but travelling will be restricted to the country issuing such extension.

In some cases, non-EU nationals must apply personally for a tourist visa if a visa-free scheme does not apply, at a Portuguese Consulate in their country of origin or residence.

Extending a tourist visa repeatedly can, in some instances, be considered fraudulent behavior. We strongly advise against this practice. Longer stays or settling in Portugal requires undertaking a specific process to apply for a residence permit.

The PIERP aka D7 Visa

The Passive Income Earner Residence Permit (PIERP), also known as D7 Visa is a temporary residence permit available to non-EU citizens who have the financial means to reside in Portugal without the need for an employment contract with a Portuguese company or seek Government Social Aid or welfare.

It is considered one of the best alternatives to obtain residence in Portugal and does not require investing, contrary to the Golden Visa. Nevertheless, it is only a proper choice for those who want to live in Portugal over an extended period, as compliance with minimum stay requirements will likely trigger tax residency.

It is particularly attractive for retirees and investors who derive income from pensions, social security payments, IP rights, financial assets/investments, or real estate outside of Portugal.

The PIERP requires the completion of a two-step process, starting with the application for an entry visa in the country of origin, and will be finalized in Portugal with the issue of a residence permit.

Step 1 – Obtaining an entry visa

The D7 entry visa must be issued by the Portuguese Consulate of the country of origin or residence. In some countries, part of this process has been outsourced to third-party visa processing centers.

The process and paperwork vary in each country, but often includes an interview, the filing of forms, and the need to provide documentation.

To apply for a PIERP / D7 Visa, proof of financial means above a legal minimum threshold is required. Minimum income thresholds are indexed to the Portuguese minimum wage.

At the time of writing of this document, the following minimum thresholds apply:

1. Applicant Euro 7.620,00 per year
2. Spouse Euro 3.810,00 per year
3. Dependents Euro 2.286,00 per year

Portuguese Authorities have discretionary powers to approve residence permits and visas. Therefore, the higher the income, the greater the chances of approval.

The D7 entry visa is, as a rule, valid for 120 days.

Step 2 – Obtaining a residence permit

The applicant must travel to Portugal and complete the residence permit application process within 120 days of the date of issue of the D7 visa.

The visa allows two entries into Portugal and to stay in Portugal for up to 120 days. The process must be completed before the Foreigners and Borders Authorities.

The PIERP holder should not leave Portugal for more than six consecutive months or eight non-consecutive months during the validity period of the residence permit. However, travelling abroad is allowed for justified professional and personal reasons.

A PIERP must be renewed at the end of the first, third and fifth years. There are new rules in place for year 2020, providing the renewal after the second and fifth years.

Consular Registration in Portugal

Consular registration, though not mandatory in Portugal, is important as it enables the Embassies to assist its citizens more efficiently when certificates are required, and to contact residents speedily, if necessary.

Benefits of the Portuguese PIERP / D7 Visa

PIERP holders may reside in Portugal for any period and travel within other EU and Schengen area countries (and other territories with open borders within Europe).

A PIERP entitles its holder to apply for the regrouping of family members who are part of the household and/or are dependents, as follows:

1. Spouses or partners
2. Children (minors or adults who are single and studying and qualify as dependents)
3. Parents (if qualifying as dependents)
4. Minor siblings under the tutelage of the residence permit holder (additional requirements may apply).

PIERP holders are entitled to enjoy the same level of health care services and are afforded the same education and social security rights of Portuguese citizens and other residents.

A PIERP does not preclude the holder from exercising a professional activity in Portugal.

PIERP holders may apply for permanent residence and/or citizenship after five years. Portugal allows dual citizenship and citizenship applicants are not required to renounce to prior citizenship.

Taxes

It is expected that PIERP holders and their families will qualify as tax residents in Portugal.

Resident individuals can apply for tax residency in Portugal under the non-habitual tax residence regime. The NHR grants new residents a more beneficial tax regime than those falling within the scope of the existing concept of ordinary tax residency.

About GFDL

Gil Figueira & Devillet Lima Advogados is a Portuguese law firm.

We advise corporations and individuals with complex needs, attractive projects, and challenging requirements.

Our lawyers are often engaged to provide comprehensive legal advice for businesses and private clients across several industries.

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