

Extraordinary tax rate - special measure regarding personal income tax
Practical examples as per document on the Portuguese Government website

Examples of the extraordinary tax rate

Employment income

Scenario description:

Family situation: two individuals, married, without children

Taxable income: monthly employment income earned by each individual: € 1,300 gross.

1. Extraordinary tax withholding calculation:

Gross Christmas allowance (per individual): € 1,300

Extraordinary tax withholding (per individual): € 258

[€ 1,300 – IRS tax withholding (12% = € 156) – Social Security contributions (11% = € 143) - minimum wage (€ 485)] x 50% = € 258

2. Final extraordinary tax calculation:

Annual gross income (by family): € 36,400

Net Income for extraordinary tax purposes: € 14,612

[Net income for IRS (€ 28,192) – annual minimum wage (2 x € 6,790)] = € 14.612

Final Extraordinary tax due (by family): € 511

[€ 14,612] x 3.5% = € 511

Extraordinary tax to pay or to reimburse (by family): reimbursement of € 5

[€ 511 – (2 x € 285)] = - € 5

Employment income and capital gains

Scenario description:

Family situation: two individuals, married, without children.

Taxable income: (i) monthly employment income earned by each individual:

€ 1,300 gross and (ii) capital gains from the sale of shares on the amount of € 2,500.

1. Extraordinary tax withholding calculation:

Gross Christmas allowance (per individual): € 1,300

Extraordinary tax withholding (per individual): € 258

[€ 1,300 – IRS tax withholding (12% = € 156) – Social Security contributions (11% = € 143) - minimum wage (€ 485)] x 50% = € 258

2. Final Extraordinary tax calculation:

Annual gross income (by family): € 38,900

Net Income for extraordinary tax purposes: € 16,612

[Net income for IRS (€ 30,192) – annual minimum wage (2 x € 6,790)] = € 16.612

Final Extraordinary tax due (by family): € 581

[€ 14,612] x 3.5% = € 511

Extraordinary tax to pay or to reimburse (by family): payment of € 65

[€ 581 – (2 x € 258)] = € 65

Note: The difference for the first example elapses from capital gains positive balance in the part that exceeds € 500 (i.e. € 200) in the final extraordinary tax due calculation (€ 200 x 3.5% = € 70). Therefore, instead of a € 5 reimbursement (example 1) we will have the payment of € 65 (example 2).

Self - employment income – Simplified regime

Scenario description:

Family situation: two individuals, married, without children

Taxable income: monthly self-employment income earned by each individual: € 1,500 gross.

Final Extraordinary tax calculation:

Annual gross income (by family): € 36,000

Net Income for extraordinary tax purposes: € 11,620

[Net income for IRS (€ 25,200) – annual minimum wage (2 x € 6,790)] = € 11,620

Final Extraordinary tax due (by family): € 407

[€ 11,620] x 3.5% = € 407

Extraordinary tax to pay (by family): € 407