EXEMPTION FROM MUNICIPAL PROPERTY TRANSFER TAX

DECREE-LAW NO. 48-A/2024, OF 25 JULY

"Exempts the purchase of their own permanent home by young people up to the age of 35 from municipal property transfer tax and stamp duty, by amending the Municipal Property Transfer Tax Code and the Stamp Duty Code"

Entering into force on 1 August 2024, the above-mentioned decree-law establishes an exemption from municipal tax on the onerous transfer of real estate and from stamp duty on the purchase of permanent housing by young people up to the age of 35, by amending the Municipal Tax Code on the Onerous Transfer of Real Estate and the Stamp Duty Code.

With the introduction of this new exemption scheme, the legislator intends to make a positive contribution to correcting the asymmetries that currently exist in access to the housing market, namely by promoting easier access to the purchase of property for own permanent residence for all citizens under the age of 35.

The current crisis in access to housing significantly affects the lives of young people. One of the greatest difficulties in defining a life project is buying a house, at a time when there is little or no savings, low incomes and a precarious professional situation. Young people's difficulties are worsened by the context of the main macroeconomic variables, namely rising inflation and the European Central Bank's key rates. This situation is damaging the country's demographics and leads to emigration among the most qualified.

Given this panorama, one of the policies included in the current government's programme is to exempt young people from one of these two "entrances", making it easier for young people up to the age of 35 to access their first home, in compliance with the Programme of the XXIV Constitutional Government, which stipulates the elimination of "IMT and stamp duty for the purchase of their own permanent home by young people up to the age of 35". To this end, this decree-law exempts the purchase of a permanent home by young people aged 35 or under from municipal property transfer tax (IMT) and stamp duty.

In order to enforce this IMT exemption, as it is a tax whose revenue is municipal, a compensation mechanism is created for municipalities whose revenue is reduced as a result of the application of this exemption, so that no municipality is harmed.

From the buyer's point of view, there are limits to the exemption, namely the purchase price of the property in question, which are established by the table in Article 17 of the IMT Code:

Amount of IMT (in euros)	Percentage rates	
	Marginal	Mid (*)
Up to 316 772	0	0
From over 316 772 to 633 453	8	-
From over 633 453 to 1 102 920	6 (flat rate)	
More than 1 102 920	7,5 (flat rate)	

I believe that this measure will certainly help to correct the asymmetry that currently exists in the housing market, but it will certainly prove to be extremely limited given the basic objectives set by the current government in terms of access to housing.

Briefly:

The entry into force of Decree-Law no. 48-A/2024 of 25 July establishes an exemption from municipal tax on the onerous transfer of real estate and stamp duty for the first acquisition of real estate, intended exclusively for own and permanent habitation, by taxable persons who are up to 35 years old, and amends:

- The Municipal Property Transfer Tax Code (IMT Code) approved by Decree-Law no. 287/2003, of 12 November, in its current wording;

and

- The Stamp Duty Code, approved by Law no. 150/99, of 11 September, in its current wording. It also establishes a mechanism to compensate municipalities for revenue lost as a result of the IMT exemption.

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