

Doing business in Portugal is a pathway into Europe for many U.S. companies. In 2018, tech giant Google announced that it would be opening offices in Portugal. Amazon also announced plans for an office, which is now located in Lisbon. According to a Transactional Track Record (TTR) [report](#) in 2019, announcements for the acquisition of Portuguese companies by entities based in the U.S. increased by 109 percent.

Tax incentives, a young and knowledgeable workforce, and a gateway into the European Union (EU) are among the benefits that U.S. companies can find when doing business in Portugal.

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Tax incentives and the U.S.-Portugal tax treaty

The United States and Portugal signed [a tax treaty](#) in 1994. The U.S.-Portugal tax treaty allows citizens of both countries to avoid double taxation on their income. In addition to this treaty, Portugal offers many tax incentives for global companies, even if you're not doing business or residing in Portugal.

- Industry-specific: Businesses that focus on renewable energy or promote globalization get 10-20 percent [tax credits](#).
- Small businesses: In industries such as agriculture and commerce, Portugal provides tax cuts for small to medium-sized companies.
- Investment: There is a [20 percent tax deduction](#) on investments of up to 5 million euros, which can lower the tax rate to as much as 5.5 percent, compared to the

normal rate of 24 percent.

These tax incentives are part of a broader commitment by the Portuguese government to attract global investment and create a business-friendly environment for U.S. companies. According to [a report by Ernst and Young](#), the majority of global investors are confident in Portugal, even beyond that of France, the UK, and Germany.

[The U.S.-Portugal tax treaty allows citizens of both countries to avoid double taxation on their income. Click To Tweet](#)

Doing business in Portugal could be your door into the European Union

U.S. companies doing business in Portugal can apply for a [Golden Residence Permit](#), which allows individuals who regularly enter the country to stay in the country without a visa and travel to any [Schengen](#) area nations.

By doing business in Portugal, U.S. companies have access to the EU. As with all other EU members, the country's ports and borders are open to the free flow of trade with all members. The European Union is one of the top markets in the world. With 7.3 percent of the world's population, the EU accounts for 23 percent of the nominal global GDP.

A young, talented, and affordable workforce for U.S. companies

Portuguese universities have had their largest enrollment numbers in recent years and are expected to produce many highly skilled graduates. [Research](#) points to around 90,000 future graduates from the country's top ten universities.

While there has been some inflation in tech industry salaries, Portugal's talent still comes at a significantly lower cost than other popular talent hubs, such as Paris, Dublin, Berlin, and London.



Additional advantages of the Portuguese market

The World Bank ranks Portugal 39 out of 190 countries in its [ease of doing business index 2020](#). In addition to its economic strength, the Portuguese market offers additional stability.

Portugal is ranked third in the [Global Peace Index 2020](#) and highly on the [Human Development Index](#), which ranks countries on aspects such as human development and education. These two standings are signifiers of a healthy environment for business success and profitability.

Hiring in Portugal through an Employer of Record

Hiring in Portugal through a partner could help you avoid common mistakes and hurdles. An [Employer of Record](#) (EOR) allows you to hire employees in Portugal in a matter of days. By handling payroll, taxes, benefits, and HR functions, an EOR takes the legal employer's role, allowing you to hand off compliance responsibilities.

[By handling payroll, taxes, benefits, and HR functions, an EOR takes the legal employer's role, allowing you to hand off compliance responsibilities. Click To Tweet](#)

Hiring employees in Portugal has intricacies, such as [compensation and benefits](#). An EOR can help you by setting you up with local experts who already know the lay of the land and will help you [fast track your business](#).

Chat with a Portugal hiring expert

Ready to pursue the rich opportunities for your company in Portugal? [Book a demo](#) to learn more about how our solution can support your hiring objectives or [read more about doing business in Portugal here](#).