

2025 STATE BUDGET ANALYSIS

NOVEMBER 29TH, 2024



5 KEY POINTS ABOUT THE 2025 STATE BUDGET

A STATE BUDGET THAT REFLECTS POLITICAL FRAGMENTATION

The fragmentation of political parties has become increasingly prominent in several European countries, highlighting a rising dissatisfaction with traditional parties. In Portugal, the emergence of 'tripartism' following the 2024 March elections signals a shift, despite the relative stability of the party system. This new political landscape was evident in the negotiations for the 2025 State Budget, which featured a more complex and multipolar dynamic.

MONTHS OF INTENSE NEGOTIATIONS

Even before it was submitted to Parliament on October 10th, the 2025 State Budget 2025 was the subject of intense negotiations between the government and various political forces, and the final version of the document was delivered without the government and the largest opposition party (PS) reaching an agreement. The month of November was marked by intense negotiations in an attempt to reach consensus in various areas, reflected in the record number of proposed amendments submitted by the parties: a total of 2161 amendments were voted on.

A BUDGET APPROVED, YET RESHAPED BY PARLIAMENT

Approved by Parliament on November 29th, the State Budget shows significant differences from the initial proposal. Unsurprisingly, due to the balance of power in Parliament, negative coalitions led to the approval of several measures without the government's consent. The new initiatives approved include a significant increase in spending for next year, estimated to be at least €300 million.

THE MOST EMBLEMATIC MEASURES APPROVED

In general, the final version approved combines measures to attract investment, increase social protection and improve the living conditions of young people. One of the key measures of this budget that prevented an agreement with the PS, was the reduction in corporate income tax (IRC). However, thanks to the abstention of Chega and the PS, the tax cut proposed by the government - from 21% to 20% - will be implemented in 2025. In social protection, the most significant change is for pensioners, who will see an additional increase of 1.25 percentage points on top of the update provided for by law, the result of the PS proposal, approved with Chega's votes and against the government's wishes. This budget also includes several measures for young people, namely the IRS Jovem (the tax regime for people under 35) that comes into force on 1 January 2025. This was one of the flagships of the government's programme, which in the design initially presented in the budget proposal had already been agreed with the PS. In the end, the IRS Jovem was extended from the current five to 10 years, covering all workers up to the age of 35, regardless of their level of education.

A NEW PHASE FOR MONTENEGRO'S GOVERNANCE

Despite the setbacks, the government will begin to partially implement its vision for the country and in 2025 many of the announcements made in recent months will move from the planning stage to actual implementation.

With the approval of its first budget, Luís Montenegro's government enters a new phase. On the one hand, this approval guarantees stability, creating the expectation that there will be legislative elections only after the spring of 2026, unless a motion of censure is presented in the first half of 2025, which currently seems unlikely. This is because there are presidential elections in January 2026 and the Constitution prevents the President from dissolving the Parliament in the last six months of his term. On the other hand, the opposition parties' scrutiny of the government is expected to increase and the "truce" to guarantee some political stability has come to an end.

The approval of the 2025 State Budget is certainly good news. Given the complexity of global geopolitical and economic landscape, which brings significant uncertainties for both individuals and businesses, it is crucial that the State Budget contributes to stability, fosters confidence in the markets and the strengthens public policies that are vital to the country's sustainable development. Who disagrees?



TOPICS THAT MARKED THE PARLIAMENTARY HEARINGS

PAULO RANGEL



- **International context:** the Minister started by mentioning that this budget was conceived in a very complex international context - from the war in Europe, to the humanitarian crisis in the Middle East, to the geopolitical changes in the Sahel - which places increased demands on external representation.
- **United Nations:** €1.7 million has been earmarked for Portugal's candidacy for the UN Security Council as a non-permanent member in 2027-2028. Additionally, the willingness to step up support for UNWRA was also mentioned.
- **Digital transformation of the Ministry:** an allocation of €80.8 million is planned for the purchase of goods and services, particularly in the areas of communications, data centres and cybersecurity.
- **Promotion of the Portuguese language and culture:** from 2025, the Camões Institute will have €50.4 million earmarked for international cooperation and €39.3 million for the promotion of the Portuguese language.

HEARING OF THE MINISTER OF STATE AND FINANCE

JOAQUIM MIRANDA SARMENTO



- **Macroeconomic scenario:** The Portuguese economy is expected to grow by 2.1% in 2025, with a positive budget balance of 0.3% of GDP and an inflation rate of 2.3%. Public debt is expected to continue to fall to 93.3% of GDP next year.
- **Increasing pensions:** The intention is to increase pensions in line with the current legal formula, and a new extraordinary bonus in 2025 has been approved if there is room in the budget. The minister argued that 'it is not yet time to make the extraordinary increases [proposed by the PS and Chega]', as this would imply a permanent increase in spending.
- **Decrease of corporate tax:** One of the emblematic measures of this budget, which prevented an agreement between the government and the PS, was the reduction in the corporate tax. At the hearing, the minister said that he would 'take into account Parliament's decision on corporation tax in the 2026 accounts'.
- **IRS Jovem (Youth Income Tax):** another of the most controversial measures in this budget, which in the end maintains the model already in force but extends the period of validity from 5 to 10 years. At the hearing, it was emphasised that young people entering the labour market will benefit from a lower tax rate for 10 years until they reach the age of 35.
- **Income tax brackets to be updated above inflation:** Personal income tax brackets will be updated by 4.62%, i.e. twice the rate of inflation forecast for next year.
- **Reform of the budget process and public finance reform:** The aim is to fundamentally change the way the state manages its finances and its financial and administrative assets, as well as the way the Ministry of Finance operates and monitors budget execution. To this end, programme-based budgeting will be further developed, expenditure will be reviewed, and the Budgetary Framework Law will be thoroughly revised.

HEARING OF THE MINISTER OF PRESIDENCY

ANTÓNIO LEITÃO AMARO



- **Reform of the Public Administration:** The Minister recalled the main measures of the PA reform approved by the [Council of Ministers of June 25th](#):
 - The Minister announced that there will be a general investment in the careers of civil servants, especially in the special careers.
 - The Minister pointed out that there is a commitment to improve the responsiveness of the state's central services.
 - The Minister also indicated that the physical relocation of the Government and the central services of the Public Administration to Campus XXI will continue, to update the organisation and the functioning of the services.

- **Cybersecurity:**
 - The approval of the new Cyberspace Security Regime, which transposes the NIS2 Directive (in public consultation until December 12th), was recalled.
 - The Minister highlighted the development of public capacity for defence, prevention and response to incidents, with a 54% increase in the National Security Office, which includes the National Cybersecurity Centre (CNCS). The CNCS will develop training centres for public and private entities.
- **Migration:**
 - The Minister recalled that the Government had already taken steps to counteract the excessive open-door policy, for example by ending the expression of interest scheme. The end of this measure has led to an 80% reduction in applications for residence permits.
 - The planned strengthening of the State's response capacity was recalled, through AIMA (Agency for Interaction, Migration and Asylum) and the Mission Structure for the Recovery of Pending Cases, the latter with some 300 officials and cultural mediators.
 - About the consular network, the Minister announced that 50 new professionals specialising in visas would be recruited to promote orderly and regular migration flows.
 - The Minister announced investments in border control: the creation of a new air border control system, the improvement of temporary settlement centres in cases of irregular or illegal immigration and investment in the renovation of the two border crossing points.



HEARING OF THE MINISTER OF TERRITORIAL COHESION MANUEL CASTRO ALMEIDA

- **Recovery and Resilience Plan (PRR):** the aim is to implement €7.8 billion by 2025. It was also announced that the Council of Ministers will approve waiving the mandatory review of projects, a measure to simplify and speed up the implementation of the PRR.
- **Portugal 2030:** half of the allocation is already out to tender. The government wants to implement €4.5 billion by the end of 2025.
- **Territorial management:** the law on territorial management instruments will soon be approved, with the aim of extending the capacity of local authorities to make land available for the construction of new housing at controlled prices, without the need to revise the PDM or consult the CCDRs.
- **Revision of the Local Finance Law:** this should be ready by 2025 and come into force the following year. The revision process has already begun, in collaboration with the ANMP. The revision of the Local Finances Law is intended to improve the municipalities' response to the new burdens assumed as part of decentralisation.



HEARING OF THE MINISTER OF PARLIAMENTARY AFFAIRS PEDRO DUARTE

- **Sports:** total consolidated expenditure is expected to be €54.5 million, an increase of 8.35% compared to 2024. Note that the figure initially presented in the version delivered to parliament was €50.3 million and was later corrected.
- **Lusa News Agency:** the Minister recalled that a proposal has already been submitted to acquire the 4.1% that guarantees the government the entire share capital of the Lusa Agency. In July, the state bought 45.71% of the stake for €2.49 million, giving it 95.86%. In addition, Lusa's funding in 2025, through compensation, is expected to be more than €21.5 million, an increase of around €3.45 million.
- **RTP (public service broadcasting organisation):** The minister said that increasing RTP's impact on Portuguese society is one of the government's priorities, arguing that the organisation needs social peace, to 'fight for less militancy and more moderation' and that it should look towards modernity and 'not ultra-conservatism'. Pedro Duarte guaranteed that the government will work together with RTP and that he hopes that 'PR professionals remain immune to partisanship'.

- **Media action plan:** the plan approved by the [Council of Ministers of October 8th](#) was recalled. In this context, the importance of #PortugalMediaLab, the Mission Structure for the media, was highlighted. Its goal will be to provide technical support in the field of public media policies; it will be responsible for implementing and monitoring the measures in the aforementioned action plan; and it will be responsible for drawing up and implementing the National Plan for Media Literacy.
- **CAV:** it is estimated that the Audiovisual Contribution (CAV) will increase to €196.3 million in 2025, 2.4% more than in 2024, as a result of the increase in electricity consumers in Portugal.



HEARING OF THE MINISTER OF NATIONAL DEFENCE NUNO MELO

- **Enhancing military careers:** the minister listed the measures announced at the [Council of Ministers on 26th July](#), which approved a set of measures to enhance and dignify military careers, some of which come into force on 1 January 2025.
- **NATO:** As already announced by the prime minister, the minister recalled that Portugal intends to fulfil its commitments to NATO, allocating 2% of GDP to defence by 2029. It was in this context that he accused the previous government of having given NATO an incorrect figure for the weight of military spending in GDP, stating that it was 1.34% and not 1.48%.
- **Investment in defence:** the defence budget reflects the €479 million foreseen in the Military Programming Law for the re-equipment of the Armed Forces. The minister said that defence industries are one of his top priorities and that, in collaboration with the Ministry of Economy, the government is currently meeting with the business sector, appealing to national and international investors. The potential to develop an industry defence in various areas was highlighted, namely in munitions, aeronautics, air defence, cyber-defence and cybersecurity.



HEARING OF THE MINISTER OF JUSTICE RITA ALARCÃO JÚDICE

Faster decision-making through investment in equipment and infrastructure:

- The Minister recalled that investments are being made in technology, communications, means of obtaining evidence and platforms to share information between the courts and forensic medicine or between prisons and the NHS.
- It was announced that by 2025 the electronic processing of the investigation phase of criminal cases will be fully operational, which could halve the length of investigations.
- **Investment in buildings:** The Minister used a significant part of her opening speech to recall and list the planned and ongoing investment in buildings, which amounts to €66.5 million by 2025.
 - **In the process of being awarded:** Ponta Delgada Prison; Braga Palace of Justice; Guimarães Palace of Justice.
 - **In the contract award phase:** Vila Franca de Xira courthouse (future north Lisbon courthouse); Sesimbra courthouse; Vila do Conde Judicial Studies Centre.
 - **Ongoing refurbishment or extension works:** Penafiel Palace of Justice; Ribeira Grande Court/Registry Facilities (Azores); Santa Cruz Palace of Justice (Madeira); Portalegre Palace of Justice, for which the contract has already been awarded and work is due to start very soon.



HEARING OF THE MINISTER OF HOME AFFAIRS

MARGARIDA BLASCO

- **Priorities:** creating the necessary conditions for Portugal to have a closer, more present and more modern police force is one of the main priorities.
- **Security forces equipment:** the government plans to invest €83.2 million in 2025 in personal protective equipment, vehicles as well as information and communication technologies. On this point, the extreme importance of bodycams was highlighted and the Minister said that “all possibilities are being analysed to overcome the inherited impasses in public procurement”. Reinforcing video surveillance was also mentioned as a priority. In addition, €44 million will be invested in improving infrastructure under the programming law.
- **Border control:** the government plans to invest €44 million in a new border control system. The creation of a national unit for foreigners and border control is also planned.
- **Reinforcement of inspections:** the Minister said that inspections to combat violent crime, drug trafficking, illegal immigration and trafficking in human beings, as well as inspections of economic activities - involving the GNR, PSP, PJ, ASAE, ACT, AT and AIMA - will continue on the ground throughout 2025.



HEARING OF THE MINISTER OF EDUCATION, SCIENCE AND INNOVATION

FERNANDO ALEXANDRE

- **Pre-school:** an agreement is being drawn up with charitable and private institutions to allow for an increase in classrooms in this area.
- **Recovery plan for the school estate:** in conjunction with the local authorities, a plan is to be drawn up for the phased refurbishment of 500 schools that are in a poor state of repair. The Minister emphasised that the plan has not yet been drawn up.
- **School autonomy:** the process of decentralising competences in the area of education will be studied in conjunction with the National Association of Portuguese Municipalities (ANMP).
- **Science:** increased investment in science, with more than €26 million. However, FCT's budget is 68 million euros less. The Minister announced that the government intends to rethink the funding model for the scientific and technological system.
- **Modernising schools:** the goal is to equip schools with technological equipment, improve connectivity and increase digital resources. The budgetary impact of this measure will be €488.8 million: €214 million for improving connectivity and school management; €188 million for technological and specialised centres, €78.8 million for digital educational resources and €7.2 million for national tests and exams.



HEARING OF THE MINISTER OF HEALTH

ANA PAULA MARTINS

- **Emergency services:**
 - This was the main topic that marked the minister's hearing. The reorganisation of urgent and emergency services is considered to be 'the highest priority' after the deaths caused by INEM failures.
 - The minister emphasised the need to reflect on INEM's role ('regulator, service provider, trainer or financier') and on the necessary digital transition in health.
- Ana Paula Martins also mentioned that the Pre-Hospital Emergency Technicians (TEPH) could evolve into a more differentiated body of professionals, such as paramedics. And the need to review INEM's statute in order to move forward with its re-foundation was also mentioned.
- **Digitalisation and Modernisation:** The creation of a National Digital Agency was announced, as well as the remodelling of INFARMED's National Health Technology System. The realisation of the Single Electronic Health Record is also on the list of priorities for this area of government.

- **Investments in the NHS:** the Minister emphasised that the biggest investment in the State Budget is in health professionals and stressed that, as was done with nurses, one of her main objectives is to reach agreements with doctors, TEPH and hospital administrators.
- **Family doctors:** by the end of 2025 at least 200,000 people in the Lisbon region are expected to have access to a family doctor.
- **Note:** six days after the Minister's hearing, the Ministry of Health reported that the SNS will have a negative balance of 217 million euros in 2025, after it was reported that the government had reworked the accounts and corrected the estimate initially presented, which pointed to a positive balance of 1.2 million euros in 2025.



HEARING OF THE MINISTER OF INFRASTRUCTURE AND HOUSING MIGUEL PINTO LUZ

- **TAP:** The reprivatisation process of the Portuguese airline will move forward in 2025, maintaining the TAP brand and Lisbon as the company's operational centre and headquarters. National air links and links with the Portuguese diaspora will not be reduced or jeopardised.
- **New airport in Alcochete:** The Minister stressed that the new airport will be built in Alcochete and reiterated that there will be no cost to the taxpayer.
- **Housing:** The State Budget for 2025 earmarks €2.3 billion for housing, considered one of the most pressing problems facing Portuguese society. The process of building 59,000 houses by 2030, financed by the PRR, is already underway, as is the amendment of the Land Code.
- **Rents until 1990 maintained:** It has been confirmed that the government will maintain the rent freeze until 1990 (around 125,000 contracts) and will compensate landlords for this freeze. To receive IRHU support, landlords must request proof from the tax authorities. However, the government intends to simplify this process by waiving the requirement for proof.
- **"Construir Portugal Programme":** The measures of the new housing strategy **presented** on May 10th have been recalled.
- **Motorway tolls:** The Minister reiterated his disagreement with the exemption from tolls on the old Scut, which was introduced by a Socialist proposal supported by Chega this summer and will come into force in 2025.



HEARING OF THE MINISTER OF ECONOMY PEDRO REIS

- **"Accelerating the Economy" programme:** since the launch of the programme, approved by the **Council of Ministers of July 4th**, 11 of the 60 measures announced have been implemented. The Minister listed the measures announced in the summer, mentioning that a retraining programme for SMEs is being prepared in relevant areas, measures to support the hiring of doctoral graduates for companies, as well as the implementation of the IFICI.
- **State aid scheme:** with the aim of boosting investment in strategic sectors for the decarbonisation of the Portuguese economy, the minister recalled that since it took office, the government managed to get approval from the European Commission for a state aid scheme worth €1 billion.
- **Tourism:** it was emphasised that the government's priorities include strengthening the competitiveness and sustainability of the national tourism model, diversifying the offer and valuing professionals and that, in this context, a strategy for the next decade is being elaborated.
- **European funds:** the possibility of making changes with the aim of increasing the efficiency of the incentive system was discussed. The goal of favouring continuous calls, 'so that companies don't plan their investments according to the pace of the calls, but that the calls allow them to respond to the needs of the companies' was also mentioned.
- **Portugal Ventures:** the sale of holdings in public venture capital has not been ruled out and the Ministry of the Economy, together with the Banco de Fomento, is considering the future of Portugal Ventures.



HEARING OF THE MINISTER OF LABOUR, SOLIDARITY AND SOCIAL SECURITY MARIA DO ROSÁRIO PALMA RAMALHO

- **Increase in pensions:** The Minister ruled out a permanent increase in pensions beyond that resulting from the legal formula (although the measure was approved without the government's consent) and recalled the approval of various measures in favour of pensioners, such as the increase in the Solidarity Supplement for the Elderly (CSI) and the reimbursement of medicines for the elderly covered by the CSI, approved by the [Council of Ministers on May 9th](#).
- **Update of the Social Assistance Index (IAS):** the Minister announced that the IAS would increase by 3.1%. This index is used to update the lowest pensions and various social benefits (such as sickness benefit, unemployment benefit, social integration income and family allowances). However, this figure may be overestimated as the legal formula for inflation (except for housing) as of November 30th is not yet known. The Minister of Finance later clarified that the update will be the one resulting from the law.
- **"Happy Day Care Programme":** The Minister recalled that free day care will be provided for children transitioning to pre-school.
- **Parental leave:** The extension of the 100% paid first parental leave from four to six months was submitted to Parliament on the initiative of a group of citizens. In September, the measure was approved by all parties except the PSD and the CDS. At the hearing, the government said it would cost €400 million.



HEARING OF THE MINISTER OF ENVIRONMENT AND ENERGY MARIA DA GRAÇA CARVALHO

- **Protecting biodiversity:** work to create marine protected areas (MPAs) will continue in order to reach 30% of protected areas by 2030. The minister said that a new MPA is being created in the Cascais, Sintra and Mafra region.
- **Special conservation areas:** the minister announced that Portugal risks paying a fine of €100 million for a 32-year delay in drawing up regulations for the Special Conservation Areas created under the Habitats Directive. Graça Carvalho mentioned that the Ministry has already put forward 38 pieces of legislation to be approved by the Council of Ministers until the end of the year, in an effort to avoid paying the fine.
- **Climate Agency:** the new agency - announced as part of the plan '[Decarbonise for Growth](#)' approved by the Council of Ministers of October 4th - will start operating in 2025.
- **Energy efficiency:** The programme "Apoio a Edifícios Mais Sustentáveis" (Support for More Sustainable Buildings programme) will not continue. The minister announced that it will be replaced by two programmes: E-lar, a programme to support the purchase of more efficient household appliances, and the programme "Áreas Urbanas Sustentáveis" (Sustainable Urban Areas programme), which aims to promote energy efficiency in vulnerable communities, such as social housing or historic neighbourhoods. Each programme will have around €50 million for 2025.
- **Electricity:** the minister recalled that the financing model for the social electricity tariff will be changed to include public funding.
- **Waste management:** a new action plan for waste management is being prepared and will be published soon. One of the plan's priorities will be to reduce the current dependence on landfill sites, promoting alternative solutions such as recycling, reuse and energy utilisation of waste.
- **Noise:** a new National Noise Plan is being drawn up, with the aim of creating quiet zones and reducing noise pollution in urban and rural areas.



HEARING OF THE MINISTER OF YOUTH AND MODERNISATION MARGARIDA BALSEIRO LOPES

- **Youth:**
 - **IRS Jovem (Youth Income Tax):** The Minister recalled the extension of the IRS Jovem from the current 5 to 10 years, covering all workers up to the age of 35, regardless of their level of education.
 - **Housing:** Balseiro Lopes mentioned the measures already announced in the **“Tens Futuro em Portugal”** (You’ve got a future in Portugal) plan, approved on May 23rd. In this context, she announced that the public guarantee for housing loans will be fully operational by the end of 2024, with 17 credit institutions already signed up.
- **Student accommodation:** the Minister highlighted the implementation of the Emergency Plan for Student Accommodation: 700 beds in partnership with Movijovem and Inatel and a €5.5 million funding line for higher education institutions, announcing that they have already contracted 622 beds and have 230 in the pipeline. She also recalled the importance of the 50% subsidy for student accommodation, slightly above the eligibility threshold, and the change in the system for awarding grants to working students.
 - **Students' physical and mental health:** the Minister highlighted the measures underway, such as the €2 million reinforcement of the “Cuida-te Programme” to recruit more health professionals, which will allow university students to benefit from 100,000 psychological consultations and 50,000 nutritional consultations. She announced that 6,500 young people had already requested an appointment.
- **Modernisation:**
 - The Minister highlighted the start of the reform of the public services with the adoption of an omni-channel service strategy focused on people and businesses.
 - The Minister recalled the presentation of the public services brand - Gov.pt - which will bring together all public digital services on a single portal, simplifying the interaction of citizens and businesses with the public administration and promoting interoperability. There will also be a mobile application version. This was a measure announced by the previous government.
 - The work underway within the PRR to expand the network of *Lojas and Espaços do Cidadão* to ensure territorial cohesion of access to public services was recalled.
 - The Minister announced that the National Digital Strategy will include an Agenda for Artificial Intelligence and will be approved in 2024 as part of a Council of Ministers for the Digital Transition. This strategy is in line with the European Commission's Digital Decade and is under public consultation until 5 December.
- **Equality:**
 - The Minister announced increased investments to prevent and combat domestic violence. €26 million have been earmarked.
 - The Minister announced the presentation of the 5th Plan to Prevent and Combat Trafficking in Human Beings, which is under public consultation until December 4th. The plan will include measures such as training and capacity building for professionals, strengthening mechanisms to protect victims and ensuring full access to justice.



HEARING OF THE MINISTER OF AGRICULTURE AND FISHERIES JOSÉ MANUEL FERNANDES

- **Priorities:** Ensuring ‘on time’ payments and promoting the generational renewal of farmers and fishermen were some of the main objectives highlighted by the Minister. The promotion of Portuguese products - particularly wine - and the creation of financial instruments (subsidised interest rates, especially for young people) were other priorities mentioned.
- **Management power in relation to regional services:** as approved by the Council of Ministers on October 29th, it was mentioned that the functioning of the Regional Coordination and Development Commissions (CCDR) will be changed, with these bodies now having a vice-president appointed by the Ministry of Agriculture.
- **Climate change impact:** the Minister defended the creation of a European national insurance guarantee, in line with the ‘AGRIFISH’ European Council, in order to be able to respond to disasters caused by climate change.
- **Water:** the strategy “Água que une” (Water that unites), announced on June 18th, will be presented in January, with the aim of defining investments for water storage, as well as building an interconnected water network for efficient distribution.
- **Fisheries:** it was pointed out that the Mar 2030 programme has more than 1,700 approved projects, with €189 million in support for investment in fishing ports, fleet modernisation, aquaculture and innovation for small and medium-sized enterprises.



DALILA RODRIGUES

- **25 measures for 2025:** as announced at the [Council of Ministers of October 9th](#), the government's 25 measures to boost artistic creation, preservation and enhancement of heritage were recalled.
- **Creation of territorial heritage units:** in view of the abolition of the Regional Directorates for Culture by the previous government, the minister advocated for a liaison with the CCDRs and local authorities and for the creation of 'territorial heritage units', set up in the structures under the Ministry of Culture.
- **Free entry in private museums:** the possibility of extending the free entry model to private museums that do not depend on the Ministry of Culture was mentioned, and the Minister said that she had already received "expressions of interest from some private museums".
- **VAT on bullfighting:** if bullfighting is recognised as a cultural spectacle, it should be exempt from VAT.
- **Patronage Law (Lei do Mecenato):** there will be a significant increase in tax benefits, administrative simplification and de-bureaucratisation and the creation of a platform and a specialised service within the GEPAC. These measures - whose guidelines have already been approved - will be subject to a process of consultation with the sector.



THE MAIN MEASURES APPROVED IN THE STATE BUDGET LAW



INCOME POLICY

At the Government initiative:

- Extension of the IRS Jovem (Youth Income Tax), eliminating the schooling criterion and setting the maximum age at 35. The measure will have a benefit period of up to 10 years.
- Update the personal income tax (IRS) brackets by 4.6% (above the inflation rate)
- 50% reduction in the autonomous personal income tax rate on overtime work.
- Exemption of the performance bonuses from IRS and the Single Social Tax. (TSU).
- Increase in the minimum of existence (mínimo de existência) to 12,180 euros, per year (which is still exempt from personal income tax).

At the initiative of parties (approved amendments):

PSD/CDS proposals:

- Extraordinary pension supplement dependent on the evolution of budget execution.
- End the 5% cut in politicians' salaries.

PS proposal:

- Pension increase of 1.25 percentage points for pensions up to three social support index (indexante dos apoios sociais), that includes pensions around 1,500 euros, in addition to the increase resulting from the legal formula.

PAN proposal:

- Extension of the qualifications enhancement wage premium (tuition fee refund) to young students included in their parents' personal income tax.



CORPORATE TAXATION

At the Government initiative:

- Reduction of the general corporate income tax rate from 21% to 20% in 2025. The corporate income tax rate applicable to the first €50,000 of taxable income for SMEs is also reduced to 16%.
- For the purposes of autonomous taxation, the limits on car purchase costs are increased by €10,000, and there will be no autonomous taxation on the costs incurred in cultural shows.
- Extraordinary contributions to the banking, energy, pharmaceutical and medical device industries will be maintained.
- Tax incentives for salary increases of more than 4.7%: the cost of salary increases will be considered at 200% for the IRC benefit (instead of the current 150%).
- Encouraging the recapitalisation of companies - partial IRS deduction of capital gains and dividends.
- Extension of the exemption for meal allowances paid by card.
- A 20% increase in corporate income tax for health insurance for workers and their families.

At the initiative of parties (approved amendments):

PSD/CDS proposal:

- Reduction of VAT on bullfighting tickets to the minimum rate of 6%.

PS proposal:

- Extension of tax benefits in the Madeira Free Trade Zone (Zona Franca da Madeira) for companies registered until the end of 2026, the limit allowed by the European Union. These companies will be able to benefit from a 5 per cent corporate income tax rate until 2028.

IL proposal:

- Reduction of VAT on baby food to the minimum rate of 6%.



At the Government initiative:

- Special contribution of the energy sector will be maintained.
- Vehicle tax (ISV) and single road tax (IUC) will be maintained.
- Extension of the intermediate ISV rate for used cars imported from EU countries.
- The carbon tax will be unfrozen, increasing the final price of petrol, diesel and other petroleum products.
- End of the exemption from the Tax on Petroleum Products (ISP) on biofuels.

At the initiative of parties (approved amendments):

PSD/CDS proposal:

- Elaboration of a report on the state of groundwater in Portugal, systematising information on the various aquifer systems.

PAN proposals:

- Creation of a special legal regime for the creation of 'hope spots', scientifically identified sites that are critical to the Ocean's health.
- Creation of incentives, by the government in collaboration with municipalities and water supply and wastewater management entities, to introduce intelligent instruments for monitoring water use, in line with the Strategic Plan for Water Supply and Wastewater and Stormwater Management 2030.

Livre proposal:

- Ensures funding for the creation of the 'From sun to salt' programme, a production chain of renewable energy and the creation of sustainable batteries.



At the Government initiative:

- Continuation of the investment, upgrading and modernisation programmes for the national railway network.
- Recruitment of retired workers in the railway sector, maintaining their pension plus up to 75% of the corresponding remuneration.
- Develop the Porto-Lisbon and Lisbon-Madrid high-speed rail projects.
- Continue to invest in the expansion of the Lisbon and Oporto metro networks.
- Renewal of the Transtejo fleet, financed by the Environment Fund.

PSD/CDS proposals:

- Efforts to launch an international public tender to ensure regular maritime transport between Madeira and the mainland.
- Opening of an AICEP office in a sparsely populated area.

PS proposal:

- Continuity of investments planned in the road network, particularly within the scope of the PNI 2023 and the PRR: guarantee compliance with the commitments foreseen in the OE 2024 regarding the connections of Eco Parque do Reivão, in Santarém, to the connection of the municipality of São Brás de Alportel to the A22 – Via do Infante and the requalification of the IC8 between Pombal and Proença-a-Nova.

BE proposals:

- Study for the creation of a railway line between Guimarães and Braga.
- Beginning of simple actions to complete the missing sections of the IC3 and to build a new crossing of the Tagus River, between Chamusca and Golegã

PCP proposals:

- Support CP to resume its partnership with RENFE for international nighttime connections to Madrid and Hendaye and study the possibility of launching a nighttime service to Barcelona.
- Requalification of IC1 between Palma and Alcácer do Sal.
- Construction of the IC3 section, connecting the A13 in the municipality of Almeirim, to the A23 in Vila Nova da Barquinha.
- Requalification of IC8.
- Replacement of the railway connection to Bragança.
- Reopening of the Leixões Line, with connections between Leixões and Campanhã, via Ermesinde.
- Sines-Caia railway connection: construction of passenger stations and freight docks in Vendas Novas, Évora and Alandroal.

Livre proposal:

- Resumption of international night trains Portugal – Spain.

PAN proposal:

- Creation of a fast lane for public transport on the A5.

**HOUSING****At the government initiative:**

- Investment in the rehabilitation of the Institute of Housing and Urban Rehabilitation (IHRU) housing stock and in the promotion of affordable public housing (authorisation of loans with a State guarantee up to a limit of 1.4 billion euros).

At the initiative of parties (approved amendments):**PSD/CDS proposal:**

- Construction of university residences for affordable student accommodation, through public-private partnership contracts.

PAN proposal:

- Increases the accommodation supplement granted to displaced students in universities

**HEALTH****At the government initiative:**

- Extraordinary contributions to the pharmaceutical and medical device industries are maintained.
- Construction of new healthcare facilities: the new Lisbon Hospital, the new Barcelos Hospital, the new Oeste Hospital, the new Central Algarve Hospital, the extension of the Viseu Hospital with new facilities and the major extension and modernisation of the Beja Hospital.
- Construction of 20 new health centres, guaranteeing accessibility, quality, comfort and safety for users and health professionals, and adapting the buildings to the new health care models.
- Transfer of funds from ACSS, I.P. to SPMS - Serviços Partilhados do Ministério da Saúde, E.P.E., up to a maximum of €50,817,188.00 to finance ongoing maintenance services for the IT systems of the National Health Service (SNS) organisations.

At the initiative of parties (approved amendments):

PSD/CDS proposals:

- State contribution to the construction, supervision of the contract and acquisition of medical and hospital equipment for the future Central and University Hospital of Madeira through financial support corresponding to 50% of the respective cost.

PS proposal:

- Implementation of projects to promote health literacy, prevention and training, mobilizing the necessary resources from the Local Health Units (ULS).

Chega proposals:

- State Upgrading health infrastructures within the Alto Minho Local Health Unit.
- All NHS users to be assigned a family doctor. In a transitional phase, until the goal of universal coverage is reached, guarantee access to a medical assistant for all users without a GP, using the private and social sectors whenever necessary.
- Revision of the special career of pre-hospital emergency technician in the first quarter of 2025.
- Urgent implementation of a program to expand and improve the palliative care network.

BE proposals:

- The tender for the construction of the new Seixal hospital will be launched in 2025.
- The government provides financial support corresponding to 50% of the value of the construction, supervision of the contract and acquisition of medical and hospital equipment for the future Central and University Hospital of Madeira, approved as a project of common interest.

PCP proposals:

- Expansion and modernisation of the José Maria Grande District Hospital in Portalegre.
- Expansion of the José Joaquim Fernandes Hospital in Beja.

Livre proposals:

- Elaboration of a new National Plan for Suicide Prevention, with the inclusion of “social gatekeepers”.
- Carrying out a national study on the mental health of health professionals in Portugal.
- In the first half of 2025, the government launches the tender for the construction contract for Seixal Hospital.
- By the end of 2025, the government will carry out an exhaustive survey and inventory of NHS infrastructures in need of urgent rehabilitation, drawing up a report with a detailed and realistic plan for renovating the assets that need it, to be presented to Parliament.

PAN proposals:

- By the end of 2025, invitations to tender will be issued, by order of the member of the Government responsible for the health area, to hire at least 400 pre-hospital emergency technicians for INEM.
- A study will be carried out into the feasibility of creating a specific training course for pre-hospital emergency technicians.



DEFENCE

At the government initiative:

- Transfer of a sum, up to a limit of 10% of the sum available in 2024, by order of the members of the Government responsible for finance and national defence, to cover costs, in particular for the preparation, deployment and training of the armed forces.
- Under the Military Programming Law, there is an allocation of 479 million for the construction of two maritime patrol vessels, two refuelling vessels, war reserve acquisitions, tactical vehicles and rotary wing assets, as well as the amounts allocated for helicopter support contracts and the military strategic transport aircraft acquisition programme.

At the initiative of parties (approved amendments):

PSD/CDS proposals:

- Transfer of up to 190 million euros to the Ministry of National Defense expected to comply with the provisions of the legal regime for public real estate assets.



EDUCATION, HIGHER EDUCATION AND SCIENCE

At the government initiative:

- The allocation of €5.85 billion for career development, the restoration of teacher seniority and the recruitment of teaching staff.
- The Government is authorised to make the necessary budgetary amendments to ensure transfers to local authorities under the Schools Programme.

At the initiative of parties (approved amendments):

PS proposal:

- Implementation of the School Reconstruction and Rehabilitation Program, with reference to the Council of Ministers' Resolution that establishes the commitments for the financing of the School Reconstruction/Rehabilitation Program.

Chega proposal:

- The Government commits itself to the technological development of Portuguese industry, promoting Research and Development (R&D) as a driver of economic growth.

PCP proposal:

- Integration of senior technicians from the National Scientific and Technological System into a scientific research career.

Livre proposal:

- Conversion of public property into university housing.



MIGRATIONS, CITIZENSHIP AND EQUALITY

At the government initiative:

- The Government is hereby authorised, through the member of the Government responsible for finance, to make the necessary budgetary amendments to ensure the expenditure involved in improving official data on violence against women and domestic violence.
- Transfers between budget programmes to ensure the normal functioning of the structures, responses and services of the National Network for the Support of Victims of Domestic Violence.

At the initiative of parties (approved amendments):

Chega proposal:

- Ongoing training in domestic violence prevention for security forces. By the end of the first quarter of 2025, the government approves a training plan for the prevention of domestic violence, aimed at the continuous training of security forces and judicial actors in this field.

PCP proposal:

- Increases funding for the protection of victims of domestic violence and programs aimed at aggressors.

PAN proposal:

- Extend the Porta 65+ program to victims of domestic violence who must leave their homes
- Create a guide for protection against harassment, informing victims of their rights and available support mechanisms.
- Ensure funding for protocols signed by ISS, I.P. to implement housing assistance projects for the homeless, namely Housing First.



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