

OCCUPATION CONTRACT

Do you occupy your home on a rent-free basis? If so it is prudent to document the occupation with an Occupation Contract (*Contrato de Comodato*). This contract authorises a named person to live in the property, normally without payment of rent and for a limited period. It is commonly needed when a house is owned by an off-shore company and the occupant is the owner or one of the shareholders of the company.

The contract has two major uses. First it documents that the occupant has a place of residence in Portugal as required by the Immigration Services when applying for a Resident's Permit. Secondly, it documents that the property is occupied without payment of rent and provides an explanation to the Tax Authorities why the off-shore company does not receive rental income. Some of the utility companies may also need similar proof when installing new services or transferring the contract. The wording of the contract will depend on each individual case, and it is advisable to consult a lawyer and your financial advisor or fiscal representative of the off-shore company.

It would normally contain clauses defining:

- the property;
- the ownership of the property;
- the occupier;
- the authorisation for occupation of the property during a fixed period on a rent-free basis;
- who, normally the occupier, pays for use of water, gas, electricity, and telephones;
- the general responsibilities of the owner;
- the general responsibilities of the occupier.

Sources of information:

[Decreto-Lei n.º 47344](#)