

Portugal

# Government Reduces Withholding Tax Rates for Salaries, Pensions in Madeira

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On 30 January 2023, the Regional Government of Madeira announced new withholding tax (WHT) rates applicable to employment and pension income earned by residents in Madeira in the first and second semesters of 2023. As per the new rules, in both semesters, income of such individuals up to EUR 785 is exempt from WHT (EUR 725 for 2022).

Although WHT rates applicable in the first semester of 2023 had been reported (see [Madeira Approves New Withholding Tax Rates for First Semester of 2023 \(29 Dec. 2022\)](#)), two new lower income brackets have now been introduced – namely, the second and the third income brackets – to which lower rates shall apply. A further decrease of the rate is applicable to the fourth income bracket.

Additionally, WHT rates applicable in the second semester of 2023 are reduced further compared with those applicable in the first semester of 2023.

The full text of the update can be found [here](#) (summary) and [here](#) (supplement) (both as PDFs and in Portuguese only).

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