MEMO

1. We need to decide my status: employee or freelancer? I am happy with either as long as the net amount I earn, i.e. after tax and social security, is around €1,500.
2. **Employee**: if I live in Portugal for 183 days or more a year, I am tax resident in Portugal according to EU rules, see this EU site: <http://europa.eu/youreurope/citizens/work/taxes/income-taxes-abroad/portugal/index_en.htm>  
     
   Therefore, it looks as though I cannot pay tax and health insurance in Germany. Because I am resident more than 183 days a year in Portugal, my tax and social security have to be paid in Portugal, even though my employer/client is in Germany. Social security in Portugal covers the pension and health system; there is no separate payment for health insurance through the State.
3. **Freelancer**: I can issue an invoice once a week or once a month, for example, to a client in Germany. No VAT is payable as the VAT is reverse-charged to an EU client (0%). The client pays each week or each month, immediately on receipt of the invoice. I pay my taxes and social security in Portugal, based on the gross amount I receive from the client.
4. From an administrative point of view, it is easier for everyone if I work as a freelancer and issue official tax receipts here, known as *recibos verdes*, but the deductions for tax and social security are higher.
5. Another consideration is that as a freelancer in Portugal, no more than 80% of my total fees (income) per year can come from one client.  
     
   Therefore, 20% of my time needs to be available to work for other clients. So we would need to work out an hourly fee based on a fixed number of hours per week.  
     
   A normal working week in Portugal is around 40 hours. I could therefore work up to 32 hours for a single client.
6. I can see an accountant here and have him calculate what the tax and social security will be on a net salary (employee)/fee (freelancer) of €1500 a month for an employee or a freelancer, i.e. so that I earn that much plus tax and social security. And if employee, how the tax and social security is actually paid here by a German employer.