

Holiday letting in private homes to be simplified



Parque da Floresta

Lawyer Vicky Rodrigues outlines new legislation on a situation that has caused great confusion among owners who want to legally let their private homes to holidaymakers.

On 7th March this year, a long-awaited new law on tourist developments was published in Portugal's official Government Gazette, the *Diário da República*. The decree law came into force on 7th April.

This law was approved within the Portuguese government's strategy known as "simplex" and follows other laws approved in relation to planning and building, which seek to simplify procedures in requesting licences.

The main objective of the new law is to simplify procedures for the licensing and installment of tourism units, giving greater responsibility to the developers in this process, and implementing tighter control by the relevant public authorities whose duty it is to enforce compliance with the new requirements.

Does this new law specifically regulate private owners looking to rent their apartments and villas as holiday homes? Strictly speaking, no.

Why then is it relevant to those

private owners seeking to rent out their holiday homes?

The new law has created a new category of accommodation known as "units of local accommodation" (*estabelecimentos de alojamento local*). They will be subject to separate regulation by the relevant government ministries for tourism and local administration, but details have not yet been published.

Prior to this, and in a bid to combat what is locally referred to as "parallel beds" - and to limit tax evasion on the income made from these lettings - the government had approved a number of rules and requirements for private individuals seeking to rent their properties as holiday homes.

This brought much confusion to the public and even to the authorities whose duty it was to apply these laws. The requirements that were laid out were extremely strict and everyone was at a loss as to how to implement them.

What the law that came into force in April has done is to create

the concept of "units of local accommodation" under which the holiday rental situation will now fall.

The "units of local accommodation" are defined by the law as being villas and apartments that have a utilisation licence and which are let out by the owners or letting agents at a cost, but do not meet the requirements to be considered a tourist 'development'.

These units must, however, meet with the minimum requirements of safety and hygiene defined by yet to be published regulations.

In addition, these units will have to be registered at the local town council (*Câmara*) and only those units that have been registered can be commercialised by their owners and letting agencies. The body that regulates tourism in Portugal, *Turismo de Portugal, IP*, will be provided a list of these registered units by the town councils.

These units will have to be clearly identified only as units of local accommodation without any

reference to 'tourism' when advertising the lettings.

Inspections of the compliance with these laws will be undertaken by the Authority for Food and Safety (ASAE) and the fines for non compliance, which can be as high as €44,891 in the case of corporate entities, will be applied by a commission specifically created for this purpose.

Publication of the regulations that will further clarify the position and requirements of these units of local accommodation is expected soon. It is hoped that it will bring with it a far more simplified procedure than the one that existed previously, with a view to enabling those owners who wish to comply with the legislation, to do so without much complication or delay.

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