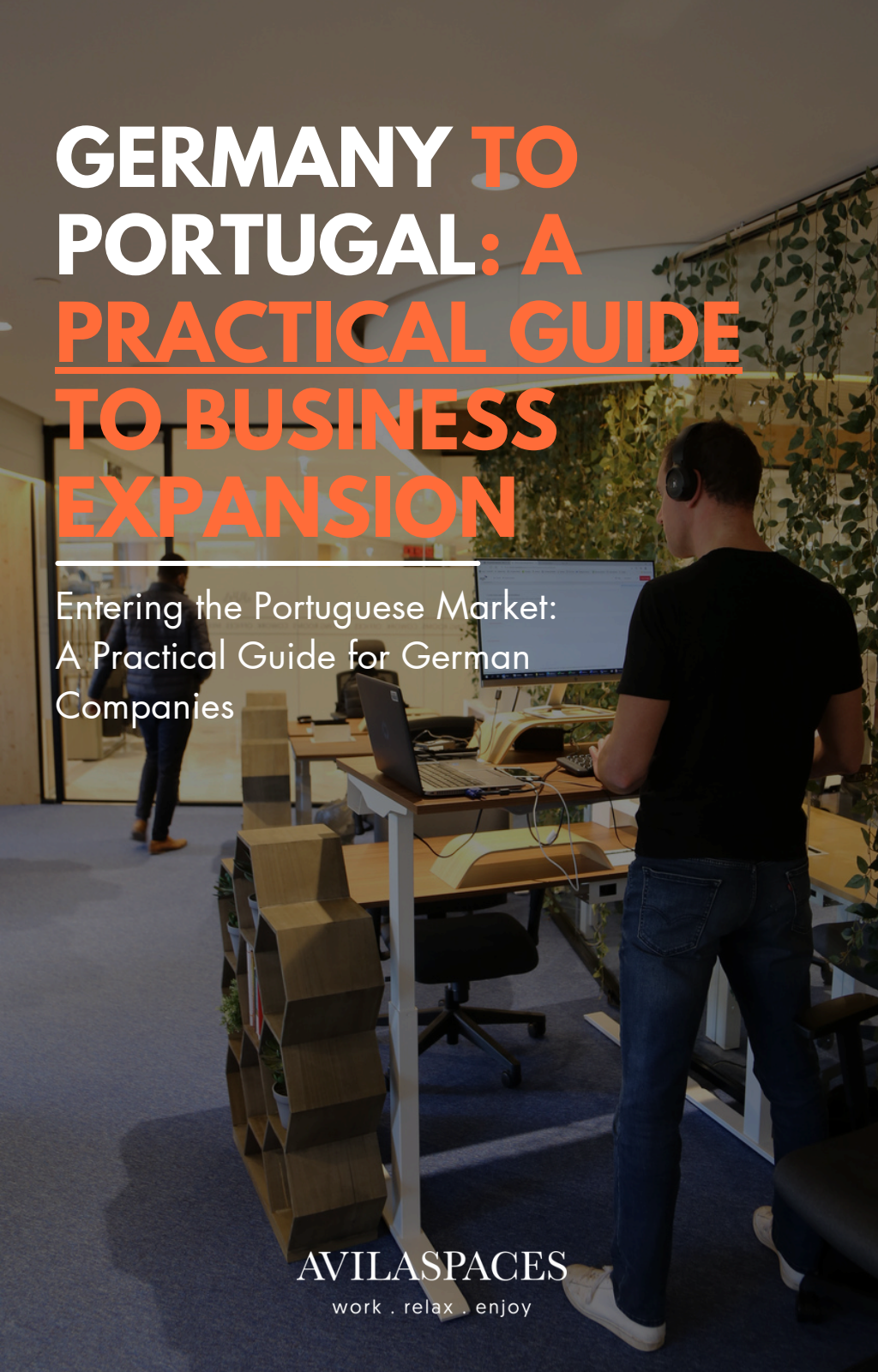

GERMANY TO PORTUGAL: A PRACTICAL GUIDE TO BUSINESS EXPANSION

Entering the Portuguese Market: A Practical Guide for German Companies

AVILASPACES

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INDEX

Introduction 03

Why Portugal? A Strategic Location for Growth 04

Choosing the Right Legal Structure 08

Setting Up Your Company: Step by Step 13

Building a Flexible Workplace Strategy 14

Understanding the Regulatory Environment 17

Who Can Support Your Business? 20

Key Contacts for German Investors 22

Your Business Setup Checklist 23

Your Partner in Portugal 24

1
Introduction

Expanding into a new market is a strategic decision — one that requires the right information, trusted local partners and a clear understanding of the business environment.

For German companies, Portugal offers a compelling combination of **opportunity** and **stability**. As a member of the European Union and the Eurozone, the country provides access to a highly skilled workforce, modern infrastructure and a business ecosystem that supports innovation, international investment and sustainable growth.

Over the past decade, Portugal has become an increasingly **attractive destination** for companies looking to establish regional offices, shared service centres, technology hubs and commercial operations. At the same time, new ways of working have transformed how businesses expand internationally. **Flexible workspaces** and hybrid working models now allow organisations to **establish a presence quickly**, **reduce investment** and **scale operations**. These trends are explored throughout this guide and reflect the evolution of today's workplace.

This guide has been designed to help German companies navigate the process of setting up a business in Portugal. It provides **a practical overview** of the key steps involved in establishing a successful business presence.

Whether you are exploring new opportunities or preparing your market entry, we hope this guide will serve as a valuable starting point for your expansion into Portugal.

2
Why Portugal? A Strategic Location for Growth

Choosing the right location is one of the most important decisions when expanding internationally. Beyond market size, companies need a business environment that supports growth, attracts talent and provides long-term stability.

Portugal has become one of Europe's preferred destinations for international investment by offering exactly that balance. As a member of the European Union and the Eurozone, Portugal provides direct access to the European Single Market while operating within a stable legal and regulatory framework.

For German companies, this means expanding into a familiar European business environment, with harmonised standards, the euro as a common currency and strong institutional and economic ties between the two countries.



A Competitive Business Environment

Portugal has successfully positioned itself as a competitive destination for businesses of all sizes—from innovative start-ups to multinational corporations.

Companies benefit from:

- A stable political and economic environment
- Competitive operating and labour costs compared with Northern and Central European markets
- Modern transport, logistics and digital infrastructure
- Access to the European Single Market and international markets
- A growing ecosystem supporting innovation, technology and entrepreneurship

These factors have attracted investment across sectors particularly relevant to German businesses, including automotive and mobility, engineering, manufacturing, technology, renewable energy, business services and life sciences.



Access to Skilled Talent

Portugal's workforce combines strong academic and technical qualifications with competitive labour costs and increasing specialisation in areas relevant to German companies. Universities and technical institutions produce graduates in engineering, information technology, business management, sciences and other technical disciplines, while multilingual capabilities are increasingly common in international business environments.

A Strategic Location

Situated on Europe's Atlantic coast, Portugal offers excellent connectivity by air, sea and road, making it an attractive base for companies serving European markets while also maintaining commercial links with Africa, North and South America.

Strong transport connections between Portugal and Germany also facilitate business travel, management coordination and cross-border operations.

A Modern Way of Working

Rather than investing immediately in large office premises, many international companies begin with flexible workspace solutions that allow them to establish operations quickly while adapting to future growth. This approach reduces initial investment, supports hybrid working and enables businesses to scale as their needs evolve, making flexible offices, coworking spaces and hybrid workplace models an increasingly important part of international business strategies.

Building on Strong Germany – Portugal Ties

Beyond economic fundamentals, Germany and Portugal share longstanding economic and institutional ties, with Germany playing an important role in Portugal's trade and investment landscape. German companies already have a strong presence in Portugal, particularly across automotive, manufacturing, engineering, technology and business services. Supported by both countries' membership of the EU and Eurozone, Portugal offers German companies not only a new market, but also a strategic location for expanding European operations, accessing talent and increasing operational flexibility.

The following chapter explains the main legal structures available to foreign investors and how to choose the option that best supports your business objectives.

3

Choosing the Right Legal Structure

One of the first decisions when expanding into Portugal is choosing the legal structure that best supports your business objectives. The right option will depend on factors such as the size of your investment, the nature of your activities, tax considerations and your long-term growth plans.

For most French companies, the choice usually comes down to three main options: establishing a **Private Limited Company (Lda.)**, creating a **Branch Office**, or setting up a **Representative Office.**



Private Limited Company (Lda.)

The Sociedade por Quotas (Lda.) is the most common legal structure used by foreign investors in Portugal.

It is a separate legal entity, offering limited liability to its shareholders and the flexibility required for most commercial activities. An Lda. can hire employees, sign contracts, issue invoices and operate independently in the Portuguese market.

Best Suited for:
Commercial operations
Service providers
Technology companies
SMEs and growing businesses
Regional headquarters

> The preferred option for companies planning a **long-term presence.**



Branch Office

A Branch Office allows an existing foreign company to operate in Portugal without creating a separate legal entity.

Although it can carry out commercial activities, the branch remains legally dependent on its parent company, which retains full responsibility for its obligations.

Best Suited for:
Established international companies
Businesses expanding existing European operations
Companies requiring direct integration with their headquarters

> Appropriate for businesses wishing to extend existing operations while **maintaining centralised management**.



Representative Office

A Representative Office is designed for companies that wish to explore the Portuguese market without carrying out commercial activities.

Its role is typically limited to market research, business development, promotional activities and relationship management. It cannot generate revenue directly.

Best Suited for:
Market research
Business development
Partnership building
Early-stage market assessment

> Often used during the **initial stages** of market entry.



Which Structure Is Right for You?

For most German companies planning to establish operations in Portugal, the **Private Limited Company (Lda.)** offers the greatest flexibility and is generally the preferred choice.

Business Objective	Recomended Structure
Long-term commercial operations	Private Limited Company (Lda.)
Extension of an existing foreign company	Branch Office
Market research and representation	Representative Office

Professional Advice Matters

While incorporating a company in Portugal is a relatively straightforward process, choosing the most appropriate legal structure should always take into account your corporate strategy, tax position and operational requirements.

Working with experienced legal and tax advisers from the outset can help ensure that your business is established on the right foundations and remains fully compliant with Portuguese regulations.

In the next chapter, we look at the practical steps involved in incorporating a company and launching operations in Portugal.

4

Setting Up Your Company: Step by Step



Step 1: Choose the Right Legal Structure

Select the legal structure that best matches your business objectives, typically an Lda. or Branch Office.



Step 2: Register Your Company

Formally register the company with the relevant Portuguese authorities, with professional support where needed.



Step 3: Obtain Tax and Social Security Registration

Register with the Portuguese Tax Authority and Social Security to ensure compliance with tax and employment obligations.



Step 4: Open a Corporate Bank Account

Set up a Portuguese corporate bank account to manage capital, payments, payroll, taxes and day-to-day financial operations.



Step 5: Set Up Accounting and Payroll

Establish compliant accounting, tax and payroll processes, typically with the support of a Certified Accountant.



Step 6: Recruit your Team

Build your local team by accessing Portugal's skilled and multilingual workforce while ensuring compliance with labour requirements.



Step 7: Choose the Right Workspace

Select a workspace solution that supports immediate operations while offering the flexibility to scale with business growth.

5

Building a Flexible Workplace Strategy

Establishing a business in a new country involves more than completing legal formalities and recruiting a local team. One of the first operational decisions every company faces is choosing where and how its people will work.

Today, **workplace strategy** has become an integral part of business strategy. Rather than viewing office space as a fixed cost, organisations increasingly see it as a flexible resource that should evolve alongside the business. This shift has transformed the way companies approach international expansion, enabling them to establish operations more quickly while maintaining the agility to adapt as their needs change.



Choosing the Right Workspace

Portugal offers a wide range of workspace solutions, allowing companies to select an environment that reflects their operational requirements, corporate culture and growth plans.

Workspace Solution	Best Suited to	Main Benefits	Key Consideration
Traditional office	Organisations with established teams and long-term space requirements	Maximum control over the working environment and corporate identity	Greater financial commitment and longer lease terms
Serviced office	Companies seeking an immediate professional presence	Fully equipped workspace, shared facilities and business support services	Less control over the overall office environment
Coworking space	SMEs, multinational companies and project teams	Flexibility, collaboration and networking	Shared working environment
Virtual office	Businesses that do not initially require dedicated office space	Professional business address and administrative support	No permanent dedicated workspace

> The right workspace solution will depend on the **size** of your organisation, your **expected growth** and the way your teams **collaborate**.

Many international companies combine different workspace models as their operations evolve.

Key considerations when choosing a workspace

- **Organisation size** — How many employees will require access to the workspace?
- **Expected growth** — How quickly is the local team expected to expand?
- **Working model** — How will employees divide their time between the office and remote locations?
- **Operational requirements** — What facilities and services does the business need?
- **Corporate culture** — What type of environment best reflects the organisation?
- **Flexibility** — How important is the ability to scale the workspace over time?

The next chapter outlines the key employment, tax and regulatory considerations that every company operating in Portugal should understand.

6
Understanding the Regulatory Environment

Employment

Portuguese employment law provides a balanced framework for employers and employees. Companies hiring in Portugal must comply with rules covering employment contracts, working hours, minimum wage, annual leave, social security contributions and workplace health and safety. Contracts may be open-ended or fixed-term, depending on the role and business needs. Employers are also responsible for registering employees with Portuguese Social Security and ensuring that all mandatory contributions are paid on time.





Corporate Taxation

Companies operating in Portugal are generally subject to Corporate Income Tax (IRC) and may also have VAT, municipal or sector-specific tax obligations, depending on their activities.
Portugal has a network of double taxation agreements, including with France, helping provide greater certainty for international investors.
As tax obligations vary according to each company's structure and activities, specialist tax advice should be obtained before starting operations.

Accounting and Reporting
Portuguese companies must maintain accurate accounting records and comply with statutory reporting requirements. Most businesses appoint a Certified Accountant (Contabilista Certificado) to manage bookkeeping, financial statements and periodic tax filings. Accurate financial records support both legal compliance and informed business decision-making.

Compliance and Good Governance
Companies should establish appropriate internal procedures to meet regulatory requirements and manage operational risk. Depending on the business, this may include data protection, anti-money laundering, health and safety and industry-specific licensing requirements.
Establishing these processes early helps ensure responsible and compliant operations.



7
Who Can Support Your Business?

AICEP Portugal Global

Portugal's Trade & Investment Agency (AICEP) is the main public organisation responsible for attracting foreign investment and supporting international businesses.

Institute of Registries and Notaries (IRN)

The Institute of Registries and Notaries (IRN) oversees company registration and maintains Portugal's commercial registry.

Tax Authority

The Portuguese Tax Authority (Autoridade Tributária e Aduaneira) is responsible for corporate taxation, VAT, tax registration and electronic filing obligations.

Social Security

The Social Security Institute (Segurança Social) manages employer and employee social security registration, contributions and related obligations.

German Embassy in Portugal

Supports diplomatic and economic relations and can provide information on institutional contacts and economic cooperation initiatives.

German-Portuguese Chamber of Commerce and Industry (AHK)

For companies entering the Portuguese market, it can be an excellent platform for developing commercial partnerships and expanding professional networks.

Germany Trade & Invest (GTAI)

Germany Trade & Invest supports German companies with international expansion by providing market intelligence, information on foreign markets and investment opportunities, as well as guidance on international business development.

8
Key Contacts for German Investors

Organisation	Purpose	Website
AICEP Portugal Global	Investment support	www.portugalglobal.pt
IRN	Company registration	www.irn.mj.pt
Tax Authority	Corporate taxation	www.portaldasfinancas.gov.pt
Social Security	Employer registration	www.seg-social.pt
German Embassy	Institutional support	lissabon.diplo.de
German-Portuguese Chamber of Commerce	Networking	www.ccila-portugal.com
Germany Trande & Invest - GTAI	International expansion	www.gtai.de

9

Your Business Setup Checklist

Establishing a business in Portugal is a structured process, but it involves several decisions that are best addressed in a logical sequence. This checklist provides a practical summary of the key steps discussed throughout this guide. While every business has its own requirements, it can serve as a useful reference as you prepare to launch your operations in Portugal.

Before You Start

- Define your business objectives and expansion strategy
- Assess your operational, legal and tax requirements
- Identify the most suitable location for your business

Setting Up Your Company

- Choose the appropriate legal structure
- Register your company
- Obtain the necessary tax and social security registrations
- Open a corporate bank account
- Appoint a Certified Accountant and, where appropriate, a legal adviser

Preparing Your Operations

- Develop your recruitment plan
- Select a workspace that supports your business objectives
- Implement accounting, payroll and compliance procedures
- Establish relationships with key local partners and service providers

Ready to Launch

- Confirm all regulatory requirements have been met
- Introduce your team to the local business ecosystem
- Begin operations and review your growth strategy regularly

10
Your Partner in Portugal

At Avila Spaces, we understand the challenges international companies face when establishing operations in Portugal. For over two decades, we have supported businesses of all sizes by providing flexible workspace solutions designed to adapt to every stage of their growth.

Flexible Solutions for Growing Businesses
Every company follows a different expansion journey. That's why we offer a range of solutions that can evolve alongside your business.

Our services include:

- **Private Serviced Offices** for companies seeking a fully equipped and professional working environment.
- **Coworking Memberships** that provide flexibility, networking opportunities and immediate access to premium workspaces.
- **Virtual Office Services**, including a prestigious business address, mail handling and administrative support.
- **Meeting and Training Rooms** equipped for client meetings, workshops and corporate events.
- **Business Support Services** designed to simplify the day-to-day management of your operations.

> Whether your team consists of one person or one hundred, our flexible approach allows you to scale your workspace as your business evolves.

More Than Office Space

We believe that the workplace should do more than provide desks and meeting rooms. It should help businesses connect with clients, attract talent, foster collaboration and create opportunities for growth.

Our locations combine professional facilities with a vibrant business community, enabling companies to benefit from an environment where innovation, networking and collaboration happen naturally.

For international businesses entering Portugal, this means having a trusted local base from day one—without the complexity and long-term commitments often associated with traditional office leasing.

Supporting Your Expansion

As highlighted throughout this guide, choosing the right legal structure, understanding the regulatory environment and developing an effective workplace strategy are all essential steps towards a successful market entry.

Having the right local partner can make that journey even smoother.

Whether you need a professional business address while incorporating your company, a fully equipped office for your growing team or flexible meeting facilities to welcome clients and partners, Avila Spaces is ready to support your business at every stage of its development.

We look forward to welcoming you to Portugal.



About Avila Spaces

Founded in Lisbon, Avila Spaces is recognised as one of Portugal's leading providers of flexible workspace solutions, offering premium serviced offices, coworking spaces, virtual offices and meeting facilities tailored to the needs of modern businesses.

By combining exceptional locations, high-quality facilities and personalised service, Avila Spaces helps national and international companies establish a professional presence in Portugal while maintaining the flexibility required in today's business environment.

Discover how we can support your business expansion:
www.avilaspaces.com

CONTACT US

Want to learn more about how your company can set up an office in a coworking space?



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