

Without a reduction in VAT there will be no homes that the Portuguese can afford

We're starting the year again with the same theme, the theme that has caused a lot of ink to run recently: it's undeniable that Portugal is going through one of the most serious housing crises of recent decades. House prices have skyrocketed, access to housing is an increasing challenge for families, and companies in the sector face huge obstacles to producing affordable housing.

To begin to solve this problem, I have said, and I reinforce this, that it is urgent to implement two fundamental measures that will bring about a change in the scenario: **the reduction of VAT on housing construction and the operationalisation of the Simplex Urbanístico**. Without these structural reforms, the outlook for 2025 is not encouraging. **I repeat: no matter what is invented, without VAT at 6 per cent and the Simplex Urbanístico there will be no homes that the Portuguese can afford.**

So let's take a more concrete look at the issue... The current VAT rate is undoubtedly an obstacle to access to housing. Housing construction in Portugal is subject to a VAT rate of 23 per cent, one of the highest in Europe. This tax burden is directly reflected in the final price of houses, making them unaffordable for most families. A reduction in VAT to 6 per cent in construction would be a decisive measure to alleviate production costs, making it possible to offer more competitive and fairer prices.

It's not just about benefiting property developers; it's about creating conditions so that thousands of Portuguese can finally realise their dream of owning their own home or finding a rental option that suits their income.

The endless delay in licensing is also proving to be an obstacle to the development of the sector and to resolving the housing crisis. In this field, it's urgent to operationalise the Simplex Urbanístico, a measure I've been advocating for years and which needs to be implemented quickly and effectively. It is therefore imperative to speed up the licensing of projects in order to increase the supply of housing and respond to growing demand.

The combination of the VAT reduction and the Simplex Urbanístico would have an extremely positive impact on the property sector, on the economy and, above all, on people's lives. These measures would increase the competitiveness of companies in the construction sector, create new jobs and boost the property market. But most importantly (and the key point), they would contribute to a concrete response to the problem of the lack of affordable housing, giving Portuguese families back the chance to live in decent conditions and at fair costs.

In terms of public accounts, it is true that reducing VAT would represent a decrease in initial tax revenue. However, the increase in economic activity and the growth of the sector would more

than compensate for this reduction in revenue, generating more revenue in indirect taxes and social security contributions.

In short, without these measures, 2025 will be another year marked by stagnation in the sector and a worsening housing crisis. Prices will continue to rise, pushing families further away from the possibility of owning a home. Companies will face a challenging environment, with high costs and increasingly slim margins. The impact on the economy will be negative, and social inequalities will continue to deepen.

The Portuguese can't wait any longer...