



BUSINESS IN PORTUGUESE: FOCUS ON CAPE VERDE

One of the great advantages when operating in Portugal is that it gives investors access to many of the hottest markets right now that also happen to speak Portuguese. So whether your interests lie in America (Brazil), Africa (Angola and Mozambique) or Asia (Macao), Portugal offers privileged entry thanks to common language, similar legislation and relevant treaties (tax, investment protection and Social Security).

Cape Verde tends to go unnoticed amidst the buzz generated by the former, but there's more than meets the eye. With a population of only

600,000 scattered in ten islands on the Atlantic, the Cape Verdean Government has readily acknowledged that it needs to up its game and play to its strengths. So what does Cape Verde have to offer?

The Government is positioning the country as a business platform for companies that wish to operate in Africa which means:

- a) providing a stable and predictable investment environment;
- b) creating an International Business Centre with enticing tax benefits.

Let's take a further look.

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Does Cape Verde hold any guarantees for foreign investors?

The Cape Verdean Investment Law (Law nº 13/VIII/2012, of July 11) contains several key provisions and principles such as: a) no discrimination based on nationality (article 5); b) security and protection against nationalization or expropriation (article 6); c) free transfer of funds when tax duties have been complied with (article 7); d) confidentiality (any information disclosed during the execution of an investment project shall remain confidential as per article 12); e) arbitration, whether pursuant to national laws, the rules of the Washington Convention or the rules of the International Chamber of Commerce.

What is the tax credit regime?

Investments executed under the Investment Law can benefit from the following tax credits and exemptions:

- a)** 50% tax relief for investments in tourism, air and sea transportation services, port and airport services, renewable energy, scientific research and information and communication technology development;
- b)** 30% tax relief for investments in other areas;
- c)** exemption from property tax;
- d)** exemption from tax duty;
- e)** exemption from custom duties on relevant goods.



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What is the Cape Verde International Business Centre (CIN)?

The CIN actually consists of three separate entities: a) the International Industry Centre (IIC in portuguese); b) the International Trade Center (CIC); c) and the International Service Provision Center (CPSI). Companies licensed in any of the three centres can benefit from special corporate tax rates until 2025 when trading with other licensed companies or non-resident entities.

The following rates will apply for companies in the IIC or CIC:

TAX RATE	Nº OF EMPLOYEES
5.00%	5 or more
3.5%	20 or more
2.5%	50 or more

A 2.5% rate will be levied on companies in the CPSI as long as they have a minimum of two employees.

Do other benefits apply?

Companies in any of the centres are exempt from custom duties on the following imported goods:

- a) materials and equipment that will be incorporated in the establishment (ie, not intended for sale);

- b) equipment, machinery, tools and utensils;
- c) collective transportation vehicles or heavy vehicles for the transportation of goods;
- d) packing material and packaging products as manufactured by the beneficiary company;
- e) raw materials, supplies, finished and semi-finished materials and products.

In the end it all boils down to one question: is any of this making a difference? If we look at the World Bank's "Doing Business" report of 2010, Cape Verde ranks in number 112 for paying taxes, 136 for starting a business and holds a global score of 146. In 2014, the rankings have gone up, respectively, to 80, 66 and 121. Clearly, things are moving in the right direction.



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