



DOING BUSINESS IN PORTUGAL



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I - FORMALITIES

1. Purchase and Sale of Properties:

According to the Portuguese Civil Code, the purchase and sale of any immovable property, urban or rural, must be consigned on a public deed or on a certified private document and both may be executed by a Lawyer, a Solicitor, a Land Registry Office, a Notary or a Chambers of Commerce and Industry.

This means that, according to the last revision of the Civil Code, it is not mandatory that the purchase and sale of properties is consigned on a public deed.

Due to the documentation necessary for the sale, usually the public deed or the private document cannot be entered immediately upon agreement of the respective terms and conditions between the Seller and the Purchaser. For this reason, the notary deed or the private document is typically preceded by the signature of a Promissory Purchase and Sale Agreement ("Promissory Agreement") that can be entered almost immediately.

2. Promissory Purchase and Sale Agreement:

The Promissory Agreement is a contract, signed both by the Seller and the Purchaser, where the first promises to sell the property and the latter promises to buy it. Upon the signature of this agreement the property is not transferred from the Seller to the Purchaser, but both of them will be obliged to transfer that property on a future date previously agreed.

Typically the Promissory Agreement will include: the identification of the parties and property to be sold, the price for the purchase and sale, the date for the public deed or for the private deed/document and all other agreed terms and conditions for the transfer of the property.

A deposit is usually agreed between the parties and paid upon signature of the Promissory Agreement. The Portuguese law protects both parties, on one hand, if the Purchaser does not fulfill the promise of buying he will lose the deposit, on the other hand, if the Seller changes his mind then he has to return twice the deposit made by the Purchaser.

According to the Portuguese Civil Code, the Promissory Agreement must be consigned on a written document with signatures legalised and with the exhibition of the license of use or the license of construction of the property to be sold.

Notwithstanding the above, both parties may agree to waive the signature legalization. In that case, the Promissory Agreement shall expressly mention that both parties agree to waive the signature legalization, without that fact affecting the full validity and effectiveness of the agreement.

On the purchase and sale of new properties, previously to the signature of a Promissory Agreement, it is fairly common to have a Reservation Agreement. On this Reservation Agreement, typically the Seller reserves the property to the Purchaser until the signature of the Promissory Agreement, and the purchaser makes a small deposit (usually no more than € 5.000,00) to secure the reservation. This reservation deposits are many times not refundable and, therefore, they shall only be entered by a Purchaser that is completely sure to proceed with the sale.

I - FORMALITIES (CONTINUATION)

3. Deed / Private Document of Purchase and Sale:

The title of the property is only transferred with the public deed or with the private document of purchase and sale entered by the Seller and the Purchaser before a Lawyer, a Notary, a Land Registry Office, a Solicitor or a Chamber of Commerce and Industry. The Public Deed or the Private Document of Purchase and Sale is the definitive contract equivalent to the Deeds of the property. Both the Seller and the Purchaser may be represented on the deed by any other person, by means of a Power of Attorney granted for that purpose.

The normal procedures for entering the Public Deed or the Private Document of Purchase and Sale, are the following:

- To check the existence of any rights of first refusal by public authorities, IGESPAR and/or Municipality, or by any other third parties. In the event of the existence of any rights of first refusal, the project of purchase and sale must be communicated to the holder of the right of first refusal before the public deed can be entered into;
- To gather all documents necessary for the deed (please see section IV);
- Check if the Seller has an Energy Certificate for the Property;
- To schedule the deed or private document in a Portuguese Lawyers' Office, Notary Office, Land Registry Office or Chamber of Commerce and Industry;
- To make the payment of the Municipal Property Transfer Tax (IMT) and Stamp Duty Tax (IS);
- To execute the deed or the private document of purchase and sale.

All properties must have an energy certificate issued by a specialized expert. Otherwise, the Seller will be responsible for the payment of a fine for not having said certificate.

4. Procedures after the Purchase and Sale Deed / Private Document:

After entering the public deed or the private document of Purchase and Sale, the above mentioned entities that execute the public deed or the private document, are required to register the property in the name of the Purchaser in any Land Registry Office within 10 days and also in the local Tax Office.

For the Registration of the public deed or the private document on the Property Registry Office, the following documents are required:

- Public Deed or Private Document of Purchase and Sale;
- Tax Certificate of the sold property.

This procedure should be done within ten days from the date of the celebration of the public deed or the private document, with no delay.

I - FORMALITIES (CONTINUATION)

In case the registration is not requested within ten days, the entity responsible for its request will have to pay double of registration costs.

As a consequence of the last amendments to the Property Registry Code, it is no further necessary that the Registration is done in the Property Registry Office where the property is located. Therefore, it may be requested in any Property Registry Office.

It was also amended that the Public Deed or the Private Document can also be sent online to the Property Registry Office, with all the documents which are presented during the celebration of the act, in order to do Registration.

For the communication of the purchase and sale to the Tax Authorities, the following documents are required:

- Tax form;
- Deed / Private Document of Purchase and Sale;
- Tax Form Model 1, whenever the property has not been evaluated according to the rules set in the Municipal Property Tax Code (IMI Code).

Furthermore, whenever the property is acquired for the purpose of permanent residence of the Purchaser, it is recommendable to request the exemption of payment of Municipal Property Tax ("IMI") before the Tax Authorities, within 60 days after the purchase deed.

II - LEGAL COSTS OF THE PURCHASE AND SALE OF A PROPERTY

The legal costs involved on the purchase and sale of a property are the following:

Documents required for the Notary Deed or Private Document:

- Commercial Registry Certificate (if applicable): € 25,50;
- Permanent Land Registry Certificate: € 15,00.

Costs with the Public Deed or for the Private Document (or prior):

- Municipal Property Transfer Tax (please see section III, 2.);
- Notary fees: up to € 195,59, plus VAT (purchase and sale only) / Property Registry Office fees: € 500,00 (Purchase and Sale and Registration included);
- Stamp Duty Tax: 0,8% over the purchase and sale price (please see section III, 3.);
- Certificate of the Public deed: € 20,00 + € 2,10 for each page after the 5th page.

II - LEGAL COSTS OF THE PURCHASE AND SALE OF A PROPERTY (CONTINUATION)

Costs after the Public Deed or after the Private Document:

- Registration on the Property Registry Office: € 250,00 (if the Purchase and Sale is not executed at the Property Registry Office).

Whenever the property is acquired with a Bank loan, other costs will be applicable, such as: bank processing fee, valuation fee, notary and registration fees regarding the loan and mortgage, stamp tax duty on the loan amount, etc. Upon request, the borrower Bank shall be able to provide a full projection of these costs.

Besides the costs listed above, typically a Purchaser of a property will also incur on the following additional costs:

- Legal Advice Fees: between 1% to 3% of the purchase and sale price;
- Tax Representative Fees (if applicable): up to € 1.000,00 per year.

III - TAXATION

1. Portuguese Tax Payer Number:

As a future owner of a Portuguese property, the Purchaser must have a Portuguese Tax Payer Number, which can be obtained from the local Tax Office.

Without this Tax Number it will not be possible to enter the deed of purchase and sale.

Residents in Portugal may apply for the tax number on the local Tax Office giving their address in Portugal.

Non-residents must appoint a Tax Representative, who must be resident in Portugal and that will be responsible for the fulfillment of the tax obligations of the non-resident. Usually the Tax Representative is an accountant that charges a yearly or monthly fee for his services.

2. IMT Tax:

The IMT tax is only paid once and, as a general rule, is due upon the transfer of ownership of the property. Usually the payment of this tax made a few of days before the deed of purchase and sale.

The IMT tax depends on the type of property and on the purchase and sale price.

III -TAXATION (CONTINUATION)

On the purchase of urban properties with the exclusive purpose of permanent residential purposes of the purchaser, IMT is calculated as follows:

Purchase and Sale Price (Base value)	% of Tax	Amount to Deduct
Under € 92,407.00	0%	€ 0,00
From € 92,407.00 to € 126,403.00	2%	€ 1,848.14
From € 126,403.00 to € 172,348.00	5%	€ 5,640.23
From € 172,348.00 to € 287,213.00	7%	€ 9,087.19
From € 287,213.00 to € 574,323.00	8%	€ 11,959.32
Over € 574,323.00	6%	

Example: for a property price of € 100,000.00: € 100,000.00 x 2% = € 2,000.00; € 2,000.00 - € 1,848.48 = € 151.86 = Transfer tax to pay.

On the purchase of urban properties exclusively for secondary habitation of the purchaser, IMT is calculated as follows:

Purchase and Sale Price (Base value)	% of Tax	Amount to Deduct
Under € 92,407.00	1%	€ 0,00
From € 92,407.00,00 to € 126,403.00	2%	€ 924.07
From € 126,403.00 to € 172,348.00	5%	€ 4,716.16
From € 172,348.00 to € 287,213.00	7%	€ 8,163.12
From € 287,213.00 to € 550,836.00	8%	€ 11,035.25
Over € 550,836.00	6%	

Example: for a property price of € 100,000.00: € 100,000.00 x 2% = € 2,000.00; € 2,000.00 - € 924.07 = € 1,075.93 = Transfer tax to pay.

On the purchase of other types of property, IMT is calculated as follows:

Type of Property	% of Tax
Purchase of Rural Property	5%
Purchase of Urban Properties for non-residential purposes (commercial or industrial)	6,5%
Purchase of Properties by "Offshore" Companies (any type of property)	8%

III -TAXATION (CONTINUATION)

On the purchase of urban properties at Madeira and Azores with the exclusive purpose of permanent residential purposes of the purchaser, IMT is calculated as follows:

Purchase and Sale Price (Base value)	% of Tax	Amount to Deduct
Under € 115,509.00	0%	€ 0,00
From € 115,509.00 to € 158,004.00	2%	€ 2,310.18
From € 158,004.00 to € 215,435.00	5%	€ 7,050.29
From € 215,435.00 to € 359,016.00	7%	€ 11,358.99
From € 359,016.00 to € 717,904.00	8%	€ 14,949.15
Over € 717,904.00	6%	

Example: for a property price of € 120,000.00: $€ 120,000.00 \times 2\% = € 2,400.00$; $€ 2,400.00 - € 2,310.18 = € 89.82 =$ Transfer tax to pay.

On the purchase of urban properties at Madeira and Azores exclusively for secondary habitation of the purchaser, IMT is calculated as follows:

Purchase and Sale Price (Base value)	% of Tax	Amount to Deduct
Under € 115,509.00	1%	€ 0,00
From € 115,509.00 to € 158,004.00	2%	€ 1,155.09
From € 158,004.00 to € 215,435.00	5%	€ 5,895.20
From € 215,435.00 to € 359,016.00	7%	€ 10,203.90
From € 359,016.00 to € 688,544.00	8%	€ 13,794.06
Over € 688,544.00	6%	

Example: for a property price of € 120,000.00: $€ 120,000.00 \times 2\% = € 2,400.00$; $€ 2,400.00 - € 1,155.09 = € 1,244.91 =$ Transfer tax to pay.

3. Stamp Duty Tax:

Upon submission of the IMT Tax form, prior to the public deed of purchase and sale, Stamp Duty Tax, in the amount of 0,8% over the purchase and sale price, shall be paid by means of a Stamp Duty form issued simultaneously with the IMT tax form.

III - TAXATION (CONTINUATION)

4. IMI Tax:

Apart from the IMT tax and Stamp Duty Tax above referred, that are only paid once, the Municipalities also charge the Municipal Property Tax (*Imposto Municipal sobre Imóveis - IMI*).

IMI Tax is levied annually on the tax property value, which is the value fixed to the property by the local Tax Office (usually lower than the purchase and sale price).

The IMI rates are as follows:

Type of Property	Rates
rural property	0,8%
urban property	0,4% to 0,7%
urban property evaluated under the IMI Code (Transferred after December 2003)	0,2% to 0,4%

The IMI is due by the property owner on 31st December of each year and should be paid in April of the subsequent year. For amounts higher than € 250.00 the IMI can be paid in two installments, respectively, due in April and September of the subsequent year.

If the property is owned by an off-shore company (with domicile at a listed tax haven jurisdiction) the IMI shall have an annual fixed rate of 5% over the tax property value.

5. Personal Income Tax - IRS:

Resident individuals are taxable on their global income. An individual is deemed a resident if more than 183 days per calendar year are spent in Portugal. Sometimes lesser periods can be sufficient, for example if on 31 December, authorities believe that a property in Portugal is intended to be maintained and occupied as the individual's usual residence.

For residents the net income is taxed at progressive rates, between 11,5% and 46,5%.

Non-resident individuals are only liable for IRS on income earned in Portuguese territory, by means of a final withholding tax, generally at the rate of 25%. Rental income is taxed at the rate of 15%.

III - TAXATION (CONTINUATION)

6. Corporate Income Tax - IRC:

Corporate entities are subject to corporate income tax (IRC), which is a tax on the profits of corporate bodies. The rate of IRC for resident companies and Portuguese permanent establishments of non-resident companies is 25%. In addition, corporate entities may be subject to a local surcharge (Derrama) levied by the municipalities that could go up to 1,5% of the profit subject to IRC tax.

7. Capital Gains Tax:

Individuals considered as non-residents for Personal Income Tax – (IRS) purposes will be subject to income taxation in Portugal on the capital gains derived from the sale of immovable property located in Portugal at the rate of 25%.

The capital gains will be computed as the difference between the sales proceeds and the acquisition cost added by the improvement expenses of the last 5 years and by the necessary expenses related with its acquisition and selling. Furthermore, the acquisition cost may be adjusted by official inflation coefficients if the taxpayer has owned the asset for more than 24 months.

If a non-resident offshore company sells real estate located in Portugal, the capital gains incurred with the sale will be subject to Portuguese Corporate Income Tax at the rate of 25%. The capital gains will be computed as the difference between the sales proceeds and the acquisition cost (adjusted by official inflation coefficients if the taxpayer has owned the asset for more than 24 months).

IV - BUYER'S CHECKLISTS

Procedures Checklist	
✓	Procedure
	Obtain professional advice
	Obtain copy of entries regarding the property on the local Property Registry and on the local Tax Office
	Negotiate the Promissory Sale and Purchase Agreement
	Sign a Power of Attorney for representation purposes on the signature of the Promissory Sale and Purchase Agreement and/or on the deed of purchase and sale (if necessary)
	Apply for a Portuguese Tax Payer Number at the local Tax Office
	Pay the IMT Tax and Stamp Duty Tax at any Tax Office
	Enter the Deed or the Private Document of Purchase and Sale on a Notary, a Lawyer's and/or Solicitor's Office, a Property Registry Office or a Chamber of Commerce and Industry
	Register the property at any Property Registry Office
	Register the property at the local Tax Office
	File Tax Form Model 1 within 60 days (if applicable) and request IMI exemption within 60 days (if applicable)
	Check if you have all documents in respect of the transaction

IV - BUYER'S CHECKLISTS (CONTINUATION)

Public Deed of Purchase and Sale Documents Checklist	
✓	Documents*
	I.D. or Passport from the Purchaser and from the Seller
	Portuguese Tax Identification Card from the Purchaser and from the Seller
	Commercial Registry Certificate of the Seller and/or Purchaser (whenever one, or both of them are companies)
	Power of Attorney (whenever one or both of the Grantors of the deed are represented by a third person)
	Minute of the Board of Directors / General Meeting (sometimes required when one of the parties is a company)
	Property Registry Certificate of the property to be sold
	Tax Certificate of the property to be sold
	Municipal Property Transfer Tax (IMT) and Stamp Duty Tax (IS) payment receipt
	Copy of the Promissory Purchase and Sale Agreement (if one has been entered into)
	License of Use of the Building (if the property is urban and built after 1951) and energy certificate
	Certificate from Portuguese Institute for the Protection of Architectonic Property ("IGESPAR") declaring either that the property to be sold is not classified as protected and therefore is not subject to a right of first refusal, or that the property is classified as protected but IGESPAR does not wish to execute its right of first refusal
	Certificate from the Municipality declaring that it does not wishes to execute its right of first refusal (only when the property is classified as protected by IGESPAR)

I - CORPORATE FORMS & INCORPORATION

1. Legal Structure of Companies:

Among the various legal structures available according to Portuguese Companies Code (*Código das Sociedades Comerciais*), investors have generally chosen one of the three existing types of limited liability companies: the Private Limited Company (*Sociedade por Quotas - Lda.*), the Sole Proprietorship Private Limited Company (*Sociedade Unipessoal*) and the Corporation (*Sociedade Anónima-S.A.*).

In summary:

■ **Private Limited Company:** requires a minimum of two quota holders and a minimum capital of EUR 5,000.00. This type of company does need to appoint at least one director and, where appropriate, under certain conditions, an auditor which must be a chartered accountant (*Revisor Oficial de Contas*). In these companies, the quota holders are not liable for any obligations of the company when such is not specifically provided for in the company's by-laws and their exposure to third party liability is limited to the amount that the quota holder subscribes in the capital company. The Private Limited Company is the most common type of company in Portugal.

■ **Sole Proprietorship Private Limited Company:** requires only one quota holder and a minimum capital of EUR 5,000.00. This type of company does need to appoint at least one director. The quota holder may be an individual or a company. However, the individual quota holder is not allowed to participate in more than one sole proprietorship company.

■ **Corporation:** requires a minimum of five shareholders and minimum capital of € 50,000.00. These companies may issue bearer shares provided all the share capital is fully paid up. Non-voting preference shares may be issued up to a maximum of 50% of the share capital. Redeemable preference shares may also be issued provided they are fully paid up. The management of these companies must be guaranteed by a board of directors. If the capital does not exceed € 200,000.00, Corporations are only required to have a single director. A chartered accountant must be appointed in this type of company.

In what concerns the accounts, companies must have their annual accounts approved up to the thirty first of March (if their fiscal year is the same as the civil year), however they are published through "IES", a centralized information form, filed by the accountant of the Company. The requirements for the approval of accounts will vary according with the type of company.

I - CORPORATE FORMS & INCORPORATION (CONTINUATION)

2. Procedures for incorporation:

The first step is to request a name for the new company at the National Company Registry Office (*RNPC*).

In order to do that it is necessary to choose three names for approval. It should be also indicated on the request one of the partners' name, the legal structure of the company and the location of its registered office and main purposes. Upon attribution of the company name, a provisional tax identification is also granted to the company.

After having the name certificate duly approved the company should be incorporated by means of a private contract or public deed. The share capital should already be deposited in a Bank, alternatively it is also possible to deposit the share capital within 5 days subsequent to the incorporation. The incorporation contract (*Contrato de Sociedade*) must be registered at the commercial registry. Following such registry, it is necessary to register the company in the Tax Office (by means of the declaration of beginning of activity) and also in the Social Security.

3. Transfer of Shares / Quotas:

Pursuant to Portuguese Law, the transfer of shares in Corporations is free, and may only be limited in cases of nominative shares. There are no specific formalities for the transfer of shares.

In what concerns the Private Limited Companies, the transfer of shares may be limited and is executed either by a private deed or notarial deed. The deed must be registered in the Commercial Registry Office.

Furthermore, please note that the transfer of 75% or over of the quotas held in a Private Limited Company, whenever such company owns real estate properties, is subject to taxation of Real Estate Transfer Tax ("*IMT*").

II - LABOUR AND SOCIAL LAW

1. Labour Regulations:

The normal working week schedule has 40 hours of work, distributed from Monday to Friday, on an 8 hours per day basis. All employees are entitled to 22 working days of vacation per year (plus an additional period up-to 3 days per year as a special assiduity reward), sick leave and maternity leave are also applicable.

Unless differently established by labour collective agreement, overtime is payable with 50% increase on the first hour and 75% increase thereafter. Overtime worked during rest days is payable with a 100% increase.

Labour law allows short-term contracts grounded on starting-up of a business enterprise, renewable up-to 2 years at the employer's option. After this period, the employee is either granted a permanent labour contract or its contract is terminated.

As a general rule, wage negotiations take place between representative bodies of both employer and employee. Although strikes are permitted by law, they are practically non-existent.

II - LABOUR AND SOCIAL LAW (CONTINUATION)

2. Social Security:

The E.U. Regulation on Social Security is applicable in Portugal who is also part on several other treaties with E.U. and non-E.U. countries.

The Social Security contributions are, as a rule, mandatory for all employees who work in Portugal, but may not be applied to foreign employees (expatriates in Portugal) who are subject, in their country of origin to a social security system. Deductions to the Portuguese social security system are made on a monthly basis and calculated based on the employee's salary at the rate of 23,75% for the employer and 11% for the employee.

3. Residence Permits:

All foreign citizens who intend to visit Portuguese territory even for a short period must present their ID card or passport.

As a general rule, foreign citizens from outside E.U. who plan to live and work in Portugal must first apply for a visa before the Portuguese consular office of their country of origin, before entering in Portugal. Several documents must be attached to such request, namely a medical certificate attesting good health and a document proving adequate living conditions and financial capacity.

E.U. citizens automatically have the right to live and work in Portugal.

III - TAXATION

1. Corporate Income Tax ("IRC"):

Corporate entities are subject to IRC, which is a tax on the profits of corporate bodies.

The general tax rate for companies is progressive: up to € 12,500.00 the profit is taxed at 12,5% and the profit that exceeds the € 12,500.00 is taxed at 25%. The companies established in the autonomous region of Madeira and Azores are also subject to the progressive regime, but the taxes are 10% - 20%, and 8,75% -17,5%, respectively.

In addition corporate entities may be subject to a local surcharge (*Derrama*) levied by the municipalities that could go up to 1,5% of the IRC tax paid.

Recently there has been introduced a State Surcharge (*Derrama Estadual*) of 2.5% over the taxable profits derived by resident corporations that are higher than € 2,000.000.00.

Companies or other entities that operate in Portugal through a permanent establishment are subject to the referred tax rates applicable to the local companies.

III -TAXATION (CONTINUATION)

For tax purposes companies are considered to have a permanent establishment in Portugal if they have a fixed installation or a permanent representation in Portugal, through which they engage in a commercial, industrial or agricultural activity.

A permanent establishment may also arise from a building site or installation project that lasts from more than six months or from the existence of a dependent agent. Companies or other entities without a permanent establishment in Portugal are subject to IRC on income deemed to be obtained in Portugal levied by way of withholding tax.

2. Treaty chart:

The basic purpose of double taxation agreements is to prevent tax from being charged twice on the same source of taxable income.

Resident corporate taxpayers are required to withhold IRC on Portuguese source outgoing dividends, interest and royalties to residents of treaty countries. Such Portuguese source income is subject to a final tax that is withheld at the (maximum) rates indicated below.

Prior to payment and in order to benefit from this reduction and/or exemption a tax residence certification (by means of legalisation of a specific form issued by the Portuguese Government) must be granted by the recipient residence state authorities of the treaty country. This form needs to be kept in the accountancy records of the paying entity for inspection by the Portuguese Tax Authorities in case of tax audit.

III -TAXATION (CONTINUATION)

Portugal has concluded several double taxation agreements that establish reduced withholding tax rates ("WHT") as follows:

COUNTRIES	LEGISLATION	REDUCED WHT RATES		
		DIVIDENDS	INTERESTS	ROYALTIES
ALGERIA	Parliament Resolution No. 22/06, March 23. In force since May 1, 2006	10% m) 15% b)	15%	10%
AUSTRIA	Decree-Law No.70/71, March 8. In force since February 28, 1972.	15%	10%	5% b) 10% c)
BELGIUM	Decree-Law No. 619/70, December 15. In force since February 19, 1971. Additional Convention: Parliament Resolution No. 82/2000, December 14. In force since April 5, 2000.	15%	15%	10%
BRAZIL d)	Parliament Resolution No. 33/01, April 27. In force since October 5, 2001. Producing effects from January 1, 2000.	10% m) 15% b)	15%	15%
BULGARIA	Parliament Resolution No. 14/96, April 11. In force since July 18, 1996.	10% e) 15% b)	10%	10%
CANADA	Parliament Resolution No. 81/2000, December 6. In force since October 24, 2001.	10% m) 15% b)	10%	10%
CAPE VERDE	Parliament Resolution No. 63/2000, July 12. In force since December 15, 2000	10%	10%	10%
CHILE	Parliament Resolution No. 28/06, April 6. In force since August 25, 2008	10% f) 15% b)	5% r) 10% r) 15% b)	5% r) 10% r)
CHINA	Parliament Resolution No. 28/2000, March 30. In force since June 8, 2000.	10%	10%	10%
CUBA	Parliament Resolution No. 49/01, July 13. In force since December 28, 2005	5% f) 10% b)	10%	5%
CZECH REPUBLIC	Parliament Resolution No. 26/97, May 9. In force since October 1, 1997.	10% e) 15% b)	10%	10%
DENMARK	Parliament Resolution No. 6/02, February 23. In force since May 24, 2002. Producing effects from January 1, 2003.	10%	10%	10%
ESTONIA	Parliament Resolution No. 47/04, July 08. In force since July 23, 2004. Producing effects on January 01, 2005.	10%	10%	10%

Notes:

- a) When paid by banks.
- b) In all the other cases.
- c) When the company controls 50% or more of the capital.
- d) The Convention of Double Taxation approved by the Decree Law no. 244/71, June 2 was in force Between January 1, 1972 and December 31, 1999, and was unilaterally terminated by Brazil. The reduced rate for dividends, interests and royalties was 15%. Regarding royalties, Circular No. 17/73 of October 19, imposed an applicable rate of 10%, whenever it was literary, scientific or artistic work.
- e) When the effective beneficiary is a company that during a consecutive period of 2 years, prior to the dividend payment, holds 25% or more of the capital of the paying company, the rate cannot exceed 10% of the gross amount of the paid dividend after December 31, 1996. Nonetheless, regarding the articles 28 and 29 of the conventions, this rate will only be applicable, because it's a tax at source, to the situations whose tax generating facts, occur on or after January 1, of the immediate year the convention entries into force.
- f) When the effective beneficiary is a company which holds 25% or more of the capital.

III -TAXATION (CONTINUATION)

Double taxation agreements (cont.):

COUNTRIES	LEGISLATION	REDUCED WHT RATES		
		DIVIDENDS	INTERESTS	ROYALTIES
FINLAND	Decree-Law No.494/70, October 23. In force since July 14, 1971.	10% f) 15% b)	15%	10%
FRANCE	Decree-Law No.105/71, March 26. In force since November 18, 1972.	15%	10% h) 12% b)	5%
GERMANY	Law No. 12/82 on June 3. In force since October 8, 1982.	15%	10% a) 15% b)	10%
GREECE	Parliament Resolution No. 25/02 April 4. In force since August 13, 2002. Producing effects from January 1, 2003.	15%	15%	10%
GUINEA-BISSAU	Parliament Resolution No. 55/09 July 30. Notice still missing	10%	10% r)	10%
HUNGARY	Parliament Resolution No. 4/99, January 28. In force since May 8, 2000.	10% e) 15% b)	10%	10%
ICELAND	Parliament Resolution No. 16/02 March 8. In force since April 11, 2002. Producing effects from January 1, 2003.	10% m) 15% b)	10%	10%
INDIA	Parliament Resolution No. 20/2000, March 6. In force since April 5, 2000.	10% m) 15% b)	10%	10%
INDONESIA	Parliament Resolution No. 64/2006, December 6. Notice is missing.	10%	10%	10%
IRELAND	Assembly of the Republic Resolution no. 29/94, June 24. In force since July 11, 1994	15%	15%	10%
ISRAEL	Assembly of the Republic Resolution no. 02/08, January 15. In force since February 18, 2008	5% r) 10% r) 15% r)	10%	10%
ITALY	Law No. 10/82 on June, 1. In force since January 15, 1983.	15%	15%	12%
KOREA	Parliament Resolution No. 25/97, May 8. In force since December 21, 1997.	10% e) 15% b)	15%	10%
LATVIA	Parliament Resolution No. 12/03, February 28. In force since March 7, 2003.	10%	10%	10%
LITHUANIA	Parliament Resolution No. 10/03, February 25. In force since February 26, 2003.	10%	10%	10%
LUXEMBOURG	Parliament Resolution No. 56/00, June 30. In force since December 30, 2000.	15%	10% n) 15% b)	10%

III - TAXATION (CONTINUATION)

Double taxation agreements (cont.):

COUNTRIES	LEGISLATION	REDUCED WHT RATES		
		DIVIDENDS	INTERESTS	ROYALTIES
MACAU	Parliament Resolution No. 80-A/99, December 16. In force since January 1, 1999.	10%	10%	10%
MALTA	Parliament Resolution No.11/02, February, 25. In force since April 5, 2002. Producing effects from January 1, 2003.	10% m) 15% b)	10%	10%
MEXICO	Parliament Resolution No. 84/00, December 15. In force since January 9, 2001.	10%	10%	10%
MOROCCO	Parliament Resolution No. 69-A/98 December, 23. In force since June 27, 2000.	10% e) 15% b)	12%	10%
MOZAMBIQUE	Parliament Resolution No. 36/92, December 30. In force since January 1, 1994.	15%	10%	10%
NETHERLANDS	Parliament Resolution No. 62/00, July 12. In force since August 11, 2000.	10%	10%	10%
NORWAY	Decree-Law No. 504/70, October 27. In force since October 10, 1971.	10% f) 15% b)	15%	10%
PAKISTAN	Parliament Resolution No. 66/03, August 2, 2003. Notice is missing.	10% m) 15% b)	10% o)	10% p)
POLAND	Parliament Resolution No. 57/97, September 09. In force since February 4, 1998.	10% e) 15% b)	10%	10%
ROMANIA	Parliament Resolution No. 56/99, July 10. In force since July 14, 1999.	10% m) 15% b)	10%	10%
RUSSIA	Parliament Resolution No. 10/02, February, 25. In force since December 11, 2002. Producing effects from January 1, 2003.	10% m) 15% b)	10%	10%
SINGAPORE	Parliament Resolution No. 85/00, December 15. In force since March 16, 2001.	10%	10%	10%
SLOVAKIA	Parliament Resolution No. 49/04, July 13. In force since November 02, 2004. Producing effects from January 01, 2005.	15% b) 10% m)	10%	10%
SLOVENIA	Parliament Resolution No. 48/04, July 10. In force since August 13, 2004. Producing effects from January 01, 2005.	5% f) 15% b)	10%	5%

Notes:

g) When the partner is a company which during 2 consecutive years previous to the payment of the dividend, holds directly 25% or more of the capital, the rate is 10% between January 1, 1997 and December 31, 1999, and 5% after December 31, 1999.

h) For the bonds emitted in France after January, 1, 1965.

i) After January 1, 1997. Nonetheless, regarding the article 29, no. 2, point a) of the convention celebrated with Venezuela, this reduced rate of 10% will only be applicable, because it is a tax at source, to the situations whose tax generating facts occur on or after January 01, 1999.

j) Until December 31, 1996, as provisioned in the article 10 no. 2 of the convention with Venezuela. Nonetheless, given that this convention has only entered into force on January 08, 1998, this reduced rate of 15% never was, nor will be, applied.

III -TAXATION (CONTINUATION)

Double taxation agreements (cont.):

COUNTRIES	LEGISLATION	REDUCED WHT RATES		
		DIVIDENDS	INTERESTS	ROYALTIES
SPAIN	Parliament Resolution No. 6/95, January 28. In force since June 28, 1995.	10% f) 15% b)	15%	5%
SWEDEN	Parliament Resolution No. 20/03, March 11. In force since December 19, 2003. Producing effects on January 1, 2000.	10%	10% q)	10%
SWITZERLAND	Decree-Law No. 716/74, December 12. In force since December 17, 1975.	10% f) 15% b)	10%	10%
SOUTH AFRICA	Parliament Resolution No. 53/08, September 22 In force since October 22, 2008.	10% m) 15% b)	10%	5%
TUNISIA	Parliament Resolution No. 33/2000, March 31. In force since August 21, 2000.	15%	15%	10%
TURKEY	Parliament Resolution No. 13/06, February 21. In force since December 18, 2006.	5% m) 15% b)	10% p) 15% b)	10%
UKRAINE	Portuguese Resolution No. 15/02, March 8. In force since March 11, 2002. Producing effects from January 1, 2003.	10% m) 15% b)	10%	10%
UNITED KINGDOM	Decree-Law No. 48497, July 24, 1968. In force since January 20, 1969.	10% f) 15% b)	10%	5%
UNITED STATES	Parliament Resolution No. 39/95, October 12. In force since January 01, 1996.	5% g) 10% g) 15% b)	10%	10%
VENEZUELA	Parliament Resolution No. 68/97, December 05. In force since January 08, 1998.	10% i) 15% j)	10%	10% k) 12% l)

Notes:

- k)** Technical assistance rate.
- l)** General royalties rate
- m)** When the effective beneficiary of the dividend is a company that, during an non interrupt period of 2 years, prior to the payment of the dividend, holds at least 25% of the capital of the company which pays the dividend.
- n)** If the interests are paid by a company from a signing State, in whose possession the interests are considered deductible expenses, to a financial institution with a head office on another signing State.
- o)** However, the interests from a signing State will be franked on this State, if the conditions of points a), b), c) of the no. 3 of the article 11 of the Double Taxation Convention with Pakistan are verified.
- p)** This reduced rate of 10% is also applicable to "technical services fees", regarding the coverage predicted on no. 4 and 5 of the article 12 of the Double Taxation Convention with Pakistan.
- q)** However, the interests from a signing State will be franked on this State, if the conditions of points a), b), c) of the no. 3 of the article 11 of the Double Taxation Convention with Pakistan are verified.
- r)** Consult the relevant article.

This document is not intended to be a comprehensive review of all developments in the law and practice, or to cover all aspects that are referred. Readers should take legal advice before applying the information contained in this document to specific issues or transactions.

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