

Doing Business in Portugal

2008



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1. Introduction

UHY is an international organisation providing accountancy, business management and consultancy services through financial business centres in over 70 countries throughout the world. Business partners work together through the network to conduct trans-national operations for clients as well as offering specialist knowledge and experience within their own national borders. Global specialists in various industry and market sectors are also available for consultation.

This detailed report providing key issues and information for investors considering business operations in Portugal has been provided by the office of UHY representatives:

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Information in the following pages has been updated so that they are effective at the date shown, but inevitably they are both general and subject to change and should be used for guidance only. For specific matters, investors are strongly advised to obtain further information and take professional advice before making any decisions. This publication is current at December 2008.

We look forward to helping you do business in Portugal.

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2. Business environment

A republic since 1910, Portugal, where the Atlantic meets Europe, has been an independent state since 1143, and established its continental frontiers in 1297 - it is one of the oldest nations of Europe.

Situated on the west of the Iberian Peninsula, its position on the Atlantic coast soon determined its maritime vocation.

In 1415, the epic voyage commenced that would make the Portuguese the first Europeans to discover the ocean routes to India, Brazil, China and Japan, and at the same time they founded settlements on the east and west coast of Africa.

Portugal is nowadays an exciting country in which to do business. Firmly anchored in the Euro-zone, doing more than 80% of its external trade within Europe and with a stable parliamentary democracy, the country is reinventing itself, while creating the right conditions for companies to be successful. In 2003, Portugal attracted € 8.5 billion in foreign investment and more than € 3 billion in 2005. Names like Volkswagen, Visteon, Delphi, Microsoft, Lear and Mitsubishi, among others, have chosen Portugal. Portugal is headquarters of 1,300 multinationals and hosts the branch offices of another 3,000.

The ten major reasons to invest in Portugal are:

- One of the lowest operational costs in Western Europe;
- Portugal is a Founder member of and full participant in the European Monetary Union;
- A superb investments track record, with many firms bringing new projects to Portugal;
- One of Europe's youngest and most enthusiastic workforces, and first rate training facilities;
- One of the world's best and most flexible incentives packages;
- High levels of productivity growth in both manufacturing and services;
- A wide range of sites and buildings at highly competitive prices and ready to use;
- High quality support services for investors, both during and after investment;
- One of Europe's best records for industrial relations;
- A high quality of life with one of the continent's lowest crime rates.

Despite the fact that the above reasons make Portugal an attractive market to invest in, they do not ensure success, particularly when the world economies are stagnating. The best way to minimize risks and to invest successfully in Portugal is to seek the advice of appropriate professionals on issues that directly relate to your business or investment.

The Portuguese Constitution and Government

The 1976 Constitution, revised in 1982, 1989, 1992, 1997, 2001, 2004 and 2005, established a mixed presidential and parliamentary system, with both the President of the Republic and the Assembly of the Republic elected by direct universal suffrage.

The head of state is the President, whose function is to monitor and supervise the institutions in accordance to the Constitution. The government, headed by the Prime Minister, is responsible for defining policy.

The Assembly of the Republic, the parliament, is composed of deputies elected in direct; secret ballot from party lists on the basis of proportional representation and has a wide range of powers and duties, both political and legislative.

The continent is divided in 18 administrative districts, reporting to the central government, and 2 autonomous regions, Madeira and Azores.

Domestic market

Area: 92 152 Km²

Population: 10.66 million (2006)

Working Population: 5.6 million (2006)

Population density by Km²: 115 (2006)

Official Designation: Portuguese Republic

Capital: Lisbon

District capitals: Aveiro, Beja, Braga, Bragança, Castelo Branco, Coimbra, Évora, Faro, Funchal (in Madeira), Guarda, Lisboa, Leiria, Ponta Delgada (in Azores), Portalegre, Porto, Santarém, Setúbal, Viana do Castelo, Vila Real and Viseu

Language: Portuguese

Currency: Euro

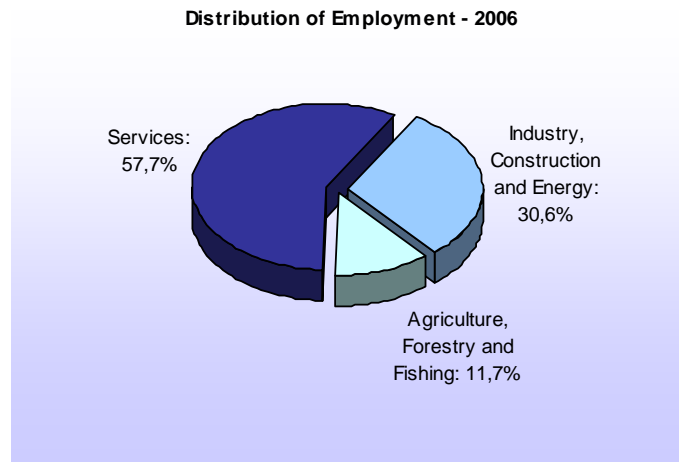
(Sources: National Statistics Institute; Bank of Portugal)

The Economy

The Portuguese economy, with the help of the EU structural funds, but based on appropriate promotion, quality, design and diversification, has

evolved in line with the majority of European countries the services sector increasing in importance.

The service sector currently accounts for 57.7% of total employment and 71.2% of the Gross Value Added (GVA), compared with agriculture, which represents 11.7% of total employment and 3.5% of the GVA.



Source: National Statistics Institute

Unemployment

In 2006, the increase of the GVA was followed by an increase of the job level that contributed almost for the stabilization of unemployment rate. However, in this year, the unemployment rate rose to 7.7%, probably related in part with the country's economy and overall with the world's economical environment. 2008 forecast is 7.5%.

Banking

The banks are very important in the Portuguese economy, contributing to a healthy financial dynamism.

Banks established in Portugal tend to specialize following their defined strategic options. Examples are the saving banks or the banks that specialize in the purchase of real estate.

Insurance companies also play a crucial role in the Portuguese economic system.

As a consequence of its membership of the European Union, Portugal today has a significant level of foreign investment in banking and insurance companies.

Stock markets

Portugal has two stock markets located in Lisbon and in Oporto. The stock markets provide an open market for leading Portuguese companies, allowing open market sales of government and corporate bond issues and shares.

The stock market is also a good control over Portuguese companies because they must respect a strict legal regime designed to guarantee the transparency of their accounts, in order to protect investors.

The stock market in Oporto is exclusively for futures and derivatives, which proves Portugal's interest in one of the fastest developing world markets.

3. Foreign investment

Foreign investment has been increasing in recent times, especially since Portugal became a member of the European Union.

The adjustments that were needed so that Portugal could be included in the founding group of countries of the European single currency have had a profound effect on the Portuguese economy. The resultant economic stability has led to increased foreign investment in Portugal.

This economic stability, joined with the Portuguese potential in the tourism industry has been decisive for investment in Portugal. In addition, Portugal's traditional presence in Africa and Brazil, gives it an advantage in the establishment of commercial contacts and business opportunities in these expanding markets.

4. Setting up a Business

Excluding the acquisition of a Portuguese company, the most common ways of investing in Portugal are:

- Set up of a company
- Set up of a branch

The most common type of companies in Portugal are the SA (shareholders company) and the LDA (limited liability company), which have in common the fact that the responsibility of the shareholders or of the quota-holders is generally limited to their interest in the capital of the company. There are other ways of investing in Portugal, for example through joint ventures and partnerships, although these are less used.

Shareholders company (SA)

To the SA companies is required to have at least five shareholders, which can be reduced later. Except in the case of Madeira offshore companies and subsidiaries of a Portuguese holding company, the setting up of a SA can be made with a single shareholder.

- The company must register its start of activity and must also be registered on the commercial registry.
- The minimum social capital is €50.000 which can be paid in cash or in kind; in the latter case, it is necessary to join to the notarial deed a document from a statutory auditor attesting the value of the assets to be included in the company's capital.

In most cases companies have a structure with general meeting, a board of directors and a statutory auditor. In certain cases, a single executive can substitute the board of directors.

Limited liability company (LDA)

LDAs tend to be smaller companies and usually with lower nominal capital than the SA.

The LDA must have at least, two quota-holders. Nevertheless, it is also possible to set up a LDA with only one quota-holder, named *Sociedade Unipessoal por Quotas* (SUQ).

Just like on the SA, all LDA must be registered on the commercial registry after declaring the start of its activity to the Tax Authorities. The minimum of capital is €5.000 and it can be paid on the same terms as those permitted for the SA.

The LDA companies must have a general meeting while management structure can be organized to suit the company's requirements.

The companies will also need a statutory auditor if two of the following three conditions are exceeded over two consecutive years:

- Total of balance sheet: €1.500.000
- Net sales: €3.000.000
- Average number of employees in the year: 50

On the Spot Firm

With the 'Empresa na Hora' (On the Spot Firm) initiative it is possible to create a company (LDA, SA or SUQ) in just one office (one-stop office) in a single day (1h 14m).

From now on, interested parties will no longer have to obtain in advance a certificate of company admissibility from the National Registry of Companies (RNPC). Nor will it be necessary any longer to sign a public deed, except in certain cases.

During the incorporation procedure, the definitive legal person identification card will be handed over, the Social Security number will be given, and the company will immediately receive its memorandum and articles of association and an extract of the entry in the Commercial Register.

This initiative to modernize administration - Empresa na Hora - is the first step on the way to simplifying the relationship between a firm and the Public Administration throughout its life-cycle. Portugal has thus become one country in Europe where setting up a company is now:

- fast, taking an average of 1h 14m
- less bureaucratic, requiring the completion of a single form
- one of the cheapest (costing about 360 Euros)

The security of the incorporation procedure for new enterprises is ensured by having all the details sent to the tax authorities. Between July and November 2005 more than 1000 enterprises were set up at the desks opened for this new service, which is the start of true fast-tracking for entrepreneurship.

Branch

The branch's name must be registered on the RNPC (National Registry of Collective Persons).

To set up and register a branch in the Commercial Register, the following documents must be presented:

- The parent company's incorporation documents;
- The translated by-laws of the parent company;
- A copy of the parent directors board minute attesting the opening of the branch, in Portugal;
- A power of attorney.

Joint ventures

Joint venture agreement

The Portuguese law allows and regulates this form of companies' co-operation, which is normally used for a specific project. Large construction projects frequently use joint ventures.

The agreement must be written and notarized. It must show the members' interests and profit shares, as well as the lead member.

European economic interest grouping (AEIE)

Individual or collective members located on the EU Member States that are associated with unlimited liability.

Association of business enterprises

It is very similar to AEIE but the members must be Portuguese entities and are treated just like a company.

Partnerships

Partnerships are rarely used in Portugal as it implicates some partners with unlimited liability. Nevertheless, liberal professions, such as lawyers, economists, engineers, etc, use partnerships.

The partnerships are normally formed by a deed which should be notarized and which defines the contribution of each partner and sets out the partnership's by-laws, method of sharing profits and the admission of new partners.

5. Labour

Labour in Portugal is mainly regulated by the Working Code, in force since December 2003, and by many collective agreements celebrated between the employers and employees' representative organizations. Labour matters have a close connection with social security, which in Portugal is obligatory. It provides cover for accidents at work and retirement.

Regime

General labour contracts do not have to be written. However, labour contracts with a defined period must be written.

Labour contracts with foreigners from outside the EU must always be written and must be also registered on the Government.

Trial periods vary from 15 days to 240 days unless the collective agreement defines a different period.

Term contracts have a maximum period of 6 years and are only legally allowed if there is a cause that does not justify the celebration of a definitive labour contract, such as an unexpected increase of work, the substitution of employees who are temporarily absent with the right to return to their jobs, etc.

Employers can only terminate a labour contract by following the disciplinary procedures required by law.

Social security

All employees and self-employed persons must be covered by social security, although there are some specific social security schemes for some activities.

Employers must withhold 11% of the gross salary of the employee and they are required to pay a further 23.75%. The payment of both parts is the responsibility of the employer.

The regime for the self-employed is based on the social supports index (IAS), from 1.5 x IAS up to a maximum of 12 x IAS. For 2008 the IAS is €407.41.

In this case, self-employed persons are responsible for the payment of their own social security contribution on a basis of 25.4% or 32%, whether the obligatory or widened scheme is applicable for option.

6. Taxation

The taxation of resident companies is regulated by the Corporate Tax Code (IRC), approved by the Decree-Law 442-B/88 of 30th November 1998 with several amendments; the latest one was introduced by the Law 67-A/2007, of 31st December 2007.

Corporate tax

Subjective incidence

Commercial collective persons, or civil collective persons, and in a general way, all collective persons which have their head offices in Portugal, collective entities which have no legal personality, and the entities that may or may not have their head office in Portugal, but receive incomes in Portugal not subject to personal income tax.

Objective incidence

Resident companies are subject to tax on their world-wide income, while the non-resident companies are only subject on the income from a source in Portugal.

Tax determination

The tax is calculated based on the company's financial statements with the adjustments imposed by law. That also means preparing accounts using the Official Plan of Accounts (POC), subject to some corrections mentioned on the IRC Code.

Adjustments include:

Depreciation

Depreciations are regulated by the Decree n^o 2/90, of 12th January; depreciations define the useful life of each asset. Beyond this useful life the depreciation charge will not be considered as a tax cost.

It is also not considered tax cost:

- Land – the costs related with its acquisition
- Private motor vehicles – the amount of a car price acquisition that exceeds €29,927.87.

Non-documented expenses

Non-documented expenses are not considered deductible for the calculation of taxable profit and furthermore are subject to a special stand-alone tax at a rate of 50%.

This tax is imposed regardless of whether the company earns a taxable profit or suffers a tax loss in the year it incurs in these expenses.

Representation expenses, expenses with private motor-vehicles, per-diem allowances and expenses relates to own motor-vehicles trips in service of the employer are tax-deductible expenses, but are subject to a special stand-alone tax at a rate of 5%.

Capital gains

Portuguese law defines capital gains as the difference between the sales proceeds net of expenses and the acquisition cost adjusted for depreciation and increased by the official inflation coefficient; this coefficient is only applied when the seller has held an asset for at least two years.

In the case of land or real estate, the tax authorities have a right to adjust for tax purposes the value stated by the parties on the notarial deed, according to the official tax value calculated respecting the rules of the Municipal Property Tax. This will probably introduce a natural change on the tax situation of both pars involved in that contract, since the seller will have a higher capital gain and the buyer will have to pay more Municipal Property Transfer Tax.

The capital gains obtained by fixed assets disposals are only taxed at half of its value if the sale product is reinvested in fixed assets, during the previous year, the year of the sale or in the two following years. If only part of those proceeds is reinvested, only the percentage not reinvested will be subject to capital gains taxation.

Reserves

Companies may deduct provisions for doubtful debts, the amount and percentage depends on the time they are overdue.

Months overdue		
Exceeding	Not exceeding	Deductible %
6	12	25
12	18	50
18	24	75
24	-	100

However, if the company does not fulfill the conditions and requirements for organized accounts, and does not opt for the same, it is required to follow the simplified regime.

In this case, it is not possible to make any deductions, because the law automatically considers the company to have tax deductible costs of 80% in case of selling goods and 55% in other profit cases.

Rates

The rate of the corporate income tax is 25% (20% in case the company is taxed under the simplified regime); however, municipalities may impose an additional charge of up to 10%, i.e., the maximum effective rate of 27.5%.

On the other hand, non-resident companies that have no permanent establishment located in Portugal are in most of cases subject to a rate of 25%, which is withheld at source from the income.

For companies located in Azores and Madeira, and which profits are obtained there, tax rates are for 17.5% and 22.5%, respectively (2008).

Payment of the Corporate Tax

The payment of the tax is made using a three-payment system during the year, based on the IRC determined for the previous year. These advance payments are made in July, September and December.

Companies must also pay a Special Advanced Payment, which is calculated as the difference between 1% of turnover, with a minimum of €1, 250.00 and a maximum of €70,000.00, and the total amount of the previous years advanced payment.

Returns

A company must present a return when it begins its activity in Portugal.

Companies must also present annually the income tax return prior to the last working day of May or in cases where the taxation year does not coincide with the civil year, prior to the last working day of the 5th month after the end of the taxation year.

Companies have also to present the annual simplified enterprise information (IES) return with accounting and statistical information up to the last working day of June or, in the cases where the taxation year does not coincide with the civil year, prior the 6th month after the end of the taxation year.

Entities exempted from corporate income tax

Automatic exemption: State, Autonomous Regions (Madeira and Azores), Municipal Entities, Municipal Federations and Associations, Social

Security Entities; collective persons whose objects are exclusively or predominantly the defense of the environment, scientific research, culture, charity, or social solidarity, need exemption recognition.

Personal income tax

Subjective incidence

Taxpayers are the persons who are resident in the Portuguese territory and those who not being resident receive income in our country.

Objective incidence

The incomes that are subject to taxation are spread over the following categories:

- Income from employment (Category A)
- Self-employed, industrial or agricultural income (Category B)
- Investment income (Category E)
- Property income (Category F)
- Increase in assets (Category G)
- Pensions (Category H)

Residence

People who had been in Portugal for at least 183 days; a person that was less than 183 days in Portugal, but nevertheless had at 31st December a house that may indicate an intention to maintain it as the habitual residence.

Determination of the net income

Net taxable income is arrived by adding the income of each above-mentioned category net of deductions relating to each category and allowances.

Deductions from income from employment

- 72% of 12 times the minimum national salary (€426 in 2008), or social security deductions, if higher;
- Indemnities paid by the employer due to cessation of the labour contract, as a result of court decision or by agreement obtained in court;
- An indemnity not higher than the basic remuneration;
- Quotas paid to trade unions;
- Quotas paid to professional associations.

Deductions from self employment income

- If the taxpayer is required to keep organized accounts, he can make the deductions allowed by law, which must be registered in his accounts.

Investment income deductions

Profits of resident companies distributed to resident persons, as well as the income received by resident persons from the liquidation of such companies, when considered investment income, are only taxed on 50% of the income received or are subject to a flat rate of 20% (definitive withholding tax).

Property income deductions

Documented repair and maintenance expenses paid by the owner are deductible, as well as the municipal property tax.

Increase in assets income deductions

The only deduction legally possible in this category relates to capital gains, where a gain or loss is only considered at 50% of the gain or loss.

Pensions income deductions

If the income for each beneficiary in this category is €6,000.00 or less this value is totally deductible. If the total income of each beneficiary is higher than that amount, that amount is deducted. However, the specific deduction for gross incomes that exceed € 30,000.00 is decreased of 13% of the part that exceeds that annual value.

The quotas paid by the beneficiary to trade unions may also be deducted from this category of income.

Deduction of losses

Losses, with some restrictions for self-employment and property income, are deducted from the total to obtain the total net income.

Allowances

To arrive at the taxable income, the taxpayers can deduct expenses of court ordered or contractually binding pensions supported by the tax payer.

To the Taxable Income will be applied the following rates:

Taxable income (Euros)	Normal rate (A)	Normal rate (B)
To 4.639	10.5%	10.50%
More than 4.639 to 7.017	13%	11.3472%
More than 7.017 to 17.401	23.5%	18.5994%
More than 17.401 to 40.020	34%	27.3037%
More than 40.020 to 58.000	36.5%	30.1545%
More than 58.000 to 62.546	40%	30.8701%
More than 62.546	42%	-

When the taxable income is superior to € 4,639, we apply the normal rate (B) to the top value of the previous line, and the normal rate (A) to the difference between that value and the taxable income.

Tax due

The tax due amount is determined by the application of the above-mentioned rates.

Tax due deductions

The following items are deducted from the tax due:

- Deductions related to the taxpayers and their family;
- Expenses with health, education, establishments for old people;
- International Double Taxation;
- Expenses with real estate and new technologies;
- Expenses with insurance.

Returns

Every year taxpayers must present a return that shows his income in the previous years.

For taxpayers who only received incomes from Cat. A and H, the deadline to present the return is at 15th March, for all other taxpayers until 30th April.

The above deadlines are 15th April and 25th May whether the returns are submitted by internet.

Non-residents

Like companies, non-resident persons are only subject to definitive withholding taxes at rates depending on the income category, 15%, 20% or 25%.

In the cases of capital gains and other incomes received by non-residents, the tax rate is 25% whether they are or not allocated to a permanent establishment in Portugal. Regarding the property income received by non-residents, the tax rate is 15% if they are not allocated to a permanent establishment in Portugal and 25% if, on the contrary, those incomes are allocated to the permanent establishment. In both cases, the non-residents taxpayers shall present the above referred return.

Profits distributed by the Portuguese companies to non-residents are subject to a definitive withholding at source at a rate of 20%.

VAT

The following operations are subject to VAT:

- Transmission of goods;
- Rendering of services;

- Importation of goods.

Certain services performed by non-residents to residents in Portugal, who are registered for VAT purposes are deemed to be performed in Portuguese territory and consequently subject to the Portuguese internal VAT.

Examples include:

- Advertising services;
- Services of consultants, engineers, accountants, economists and data processors;
- Banking, insurance and financial services, subject to the exemptions enumerated below;
- Staffing services;
- Leasing tangible moveable property other than vehicles used for transportation.

Exemptions

- Transmission of goods to foreign countries;
- Sale and lease of real estate;
- Agriculture
- Banking and financial activities;
- Insurance and reinsurance services;
- Postal services;
- Education;
- Medical and dental services; and
- Social and welfare services.

Rates

Continent	Madeira and Azores
5%	4%
12%	8%
21%	15%

Reimbursements

The taxpayers located in other EU countries may obtain a reimbursement of the VAT paid on goods and services purchased in Portugal. This is also possible for countries not located in the EU with which Portugal has a reciprocity agreement.

Returns

VAT returns must be filed monthly or quarterly if the annual sales are less than € 650,000.00.

If monthly, the returns must be filed with the tax authorities by the 10th day of the 2nd month after the respective period; if quarterly, the return must be filed with those services by 15th day of the 2nd month after the respective period.

All tax returns of taxpayers obliged to provide organised accounts, must file these electronically via the Tax Authorities' website.

Property transfer tax

The Property Transfer Tax Code was approved at the beginning of 2004, substituting the SISA.

Objective incidence

The onerous transmissions of the property right, including some promissory contracts, acquisition of 75% or more of the capital of a personal company which has real estate, surface right, real estate renting and sub-renting for more than 30 years.

Subjective incidence

The taxpayer is the recipient of the goods transmitted; on a sale it is the acquirer while in the case of an asset swap it is the one who receives the goods with higher value.

Taxable value

The taxation is calculated by the application of the rates below mentioned to the price agreed by the parts, except when that price is lower than the value fixed municipal property tax purposes.

In the case of quotas in companies the taxable value is the value of the real estate corresponding to the higher social participation or quota or the total value.

Rates

General rate:	6.5%
Rural:	5%
Property Rights acquired by offshore companies:	8%

Buildings or flats exclusively destined for permanent habitation:

Incidence Value (Euro)	Marginal rate to apply (%)	Average rate* to apply (%)
Up to 87,500	0	0

> 87,500 up to 119.700	2	0.5380
> 119,700 up to 163.200	5	1.7273
>163,200 up to 272.000	7	3.8364
> 272.,000 up to 543.900	8	
> 543,900	6	

* In the upper limit.

Personal exemptions

The state, municipal authorities, ecclesiastical entities, collective entities of public interest or administrative public interest.

Real exemptions

Acquisitions of urban real estate (or flats) exclusively destined for habitation, if the value for tax effects is lower than € 87,500.00; Acquisitions of real estate for resale; Acquisitions of land to construct, by constructing companies.

Inheritance and gift tax

Since 1st January 2004, the tax was abolished, being the non-onerous transmissions to individuals (companies now subject to corporate tax on this income) subject to stamp tax.

Municipal property tax

Municipal property tax, which was also profoundly changed on the beginning of 2004 (new Code approved) is an annual levy imposed on the official value of real estate.

The main change occurred on the taxable value of the properties, which is now fixed based on objective coefficients, namely related to the quality and location of the property.

Rates

Type of real estate	Rates
Rural	0.8%
Urban	From 0.2% until 0.5%*

* If the property was not yet revaluated on its taxable value, under the rules of the new Code, the tax rate will vary between 0.4% and 0.8%.

For property owned by offshore entities, the tax rate is fixed on 1% or 2% whether the property is abandoned for more than a year. This tax is deductible from the personal or corporate income tax relating to rental income.

Stamp tax

Objective incidence

The stamp tax applies to contracts, documents, titles, books, papers and other facts specified in the table attached to the Code. Since the 1st January 2004, non-onerous transmissions to individuals are also subject to stamp tax.

Subjective incidence

The taxpayers are the entities who must make the liquidation and payment of the stamp tax, but the cost is supported by the entity with an economic interest in the act. The non-onerous transmissions between direct kin (grandfathers, fathers, sons etc) are tax-exempt.

Main rates

Onerous Acquisition of Real Estate and other similar transactions, as well as the resolution, invalidity or extinction of those contracts:	0.8%
Each cheque emitted in Portugal:	€0.05
Trade marks and patents:	24%
General notarial deeds:	€25
Power of Attorney:	from €2 to €30
Constitution of a company (Ex. SA):	0.4%
Capital increase of these companies:	0.4% (0% for capital increase in money)
Transformation of a company:	0.4%
Non-onerous transmissions:	10%

Tax treaties

Countries	Application	Dividends	Interests	Royalties
Algeria	01/05/2006	10%/15%	15%	10%
Austria	28/02/1972	15%	10%	5/10%
Belgium	19/02/1971	15%	15%	10%
Brazil	05/10/2001	10/15%	15%	15%
Bulgaria	18/07/1996	10/15%	10%	10%
Canada	24/10/2001	10/15%	10%	10%
Cape Verde	15/12/2000	10%	10%	10%
Chile		10%/15%	5%/10%	5%/10%
China	08/06/2000	10%	10%	10%
Cuba	28/12/2005	5/10%	10%	5%
Czech Republic	01/10/1997	10/15%	10%	10%
Denmark	24/05/2002	10%	10%	10%

Estonia	23/07/2004	10%	10%	10%
Finland	14/07/1971	10/15%	15%	10%
France	18/11/1972	15%	10/12%	5%
Germany	08/10/1982	15%	10/15%	10%
Greece	13/08/2002	15%	15%	10%
Holland	11/08/2000	10%	10%	10%
Hungary	08/05/2000	10/15%	10%	10%
Iceland	11/04/2002	10/15%	10%	10%
India	05/04/2000	10/15%	10%	10%
Indonesia		10%	10%	10%
Ireland	11/07/1994	15%	15%	10%
Italy	15/01/1983	15%	15%	12%
Korea	21/12/1997	10/15%	15%	10%
Latvia	07/03/2003	10%	10%	10%
Lithuania	26/02/2003	10%	10%	10%
Luxemburg	30/12/2000	15%	10/15%	10%
Macao	01/01/1999	10%	10%	10%
Malta	05/04/2002	10/15%	10%	10%
Mexico	09/01/2001	10%	10%	10%
Morocco	27/06/2000	10/15%	12%	10%
Mozambique	01/01/1994	15%	10%	10%
Norway	01/10/1971	10/15%	15%	10%
Pakistan		10/15%	10%	10%
Poland	04/02/1998	10/15%	10%	10%
Romania	14/07/1999	10/15%	10%	10%
Russia	11/12/2002	10/15%	10%	10%
Singapore	16/03/2001	10%	10%	10%
Slovakia	02/11/2004	10/15%	10%	10%
Slovenia	13/08/2004	5/15%	10%	5%
Spain	28/06/1995	10/15%	15%	5%
Sweden	19/12/2003	10%	10%	10%
Switzerland	17/12/1975	10/15%	10%	5%
Tunisia	21/08/2000	15%	15%	10%
Turkey	18/12/2006	5%/15%	10%/15%	10%
Ukraine	11/03/2002	10/15%	10%	10%
United Kingdom	20/01/1969	10/15%	10%	5%
U.S.A.	01/01/1996	5/10/15%	10%	10%
Venezuela	08/01/1998	10/15%	10%	10/12%

7. Accounting & reporting

Portuguese legislation has applied the 4th E.U. Directive since 1989. The adoption of the 7th E.U. Directive relating to the consolidation of accounts occurred in 1991.

All traders must have accounting books. Companies, individual establishment with limited liability and individual establishments regulated by the Commercial Code, if in this last case the turnover is higher than € 150,000, are required to follow the Official Accounts Plan (POC).

Companies are generally required to deposit their accounts with the Commercial Registry, in accordance with the respective code; this includes the minute approving the accounts, the report of the board, the balance sheet, the profit and loss statement, and the annex to the accounts. For companies that are required to have a statutory auditor, the statutory report is also attached.

In Portugal, companies must adopt one of the following forms: shareholder companies, limited liability companies, general partnerships, mixed liability companies and limited partnerships.

Shareholder companies must have an external auditor. Limited liability companies are also required to have a statutory auditor if for two consecutive years at least two of the following three items are exceeded:

- Balance sheet €1,500,000
- Net sales €3,000,000
- Average number of employees 50

The statutory auditor activity is regulated in Portugal in accordance with the 8th E.U. Directive. Only members (persons or companies) of the Association of Statutory Auditors can act as statutory auditors.

The companies must also have:

- By-laws;
- Minute books (General Meeting and board of directors)
- Accounting books
- Accounting books must be legalized before use and must be kept with all supporting documentation for at least 10 years.

8. UHY firms in Portugal

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9. UHY offices worldwide

For contact details of UHY offices worldwide, or for details on how to contact the UHY executive office, please visit www.uhy.com