

CUATRECASAS, GONÇALVES PEREIRA

PRAÇA MARQUÊS DE POMBAL, 2 (e 1, 8º) · 1250-160 LISBOA · TEL. 351 21 355 38 00 · www.gpcb.pt

Diogo Ortigão Ramos
Partner
dortigaoramos@cuatrecasasgoncalvespereira.com

CHAPTER 1: MAIN TAX RATES

CORPORATE INCOME TAX (IMPOSTO SOBRE O RENDIMENTO DAS PESSOAS COLECTIVAS - IRC)		
General rates		
<ul style="list-style-type: none">Taxable income up to EUR 12.500Taxable income above EUR 12.500	12.5% 25%	12.5% 25%
Rate applicable to entities whose main activities are not commercial, industrial or agricultural	20%	20%
LOCAL SURCHARGE (DERRAMA) ¹	Up to 1.5%	Up to 1.5%
STATE SURCHARGE (DERRAMA ESTADUAL) ²	2.5%	2.5%
STAMP DUTY (IMPOSTO DO SELO)	Variable	Variable
REAL PROPERTY TRANSFER TAX (IMPOSTO MUNICIPAL SOBRE TRANSMISSÕES ONEROSAS DE IMÓVEIS - IMT)	5%-6.5%	5%-6.5% ³
VAT ⁴ (IMPOSTO SOBRE O VALOR ACRESCENTADO - IVA)		
General rate	21% ⁵	23%
Intermediate rate	13%	13%
Reduced rate	6%	6%
MUNICIPAL PROPERTY OWNERSHIP TAX (IMPOSTO MUNICIPAL SOBRE IMÓVEIS - IMI)	Variable	Variable

¹ This local surcharge is levied in most Portuguese municipalities on the taxable income assessed for Corporate Income Tax purposes, accruing 1.5% to the maximum effective tax.

² This State surcharge is levied where the taxable income assessed for Corporate Income Tax purposes is above EUR 2,000,000.00, thus accruing 2% to the maximum effective tax.

³ The rates are applicable, in that order, to non-urban property and urban property. Reduced rates are applicable to residential urban property under certain thresholds.

⁴ In the Madeira and the Azores Islands, the general, intermediate and reduced rates are 15%, 9% and 4% respectively.

⁵ These VAT rates were introduced by Law no. 12-A/2010, of June 30th as described in 4 below. Until June 30th, 2010, in Mainland the general rate was 20%, the intermediate rate was 12% and the reduced rate was 5%, whereas in Madeira and Azores the rates were 15%, 8% and 4% respectively.

CHAPTER 2: MAIN CORPORATE LAW AMENDMENTS

Decree-Law no. 49/2010, of May 19th, introduced some important amendments to the Portuguese Companies Code and to the Portuguese Securities Code, notably allowing the issuing of public limited liability companies shares without nominal value.

Shares without nominal value are only expressed by the number of capital shares, thus increasing companies' chances to obtain financing. In accordance with this amendment, shares with and without nominal value cannot coexist within the same public limited liability company. Furthermore all shares must represent the same fraction of the share capital, while the issue value of the shares cannot be less than one cent. As regards shares without nominal value, the capital contributions made by shareholders must be at least equal to the amount of the capital issued correspondingly.

Moreover Decree-Law no. 49/2010, of May 19th, strengthens the rights of certain shareholders of listed companies and makes it easier to exercise those rights, notably as regards the right to request the convening of a general meeting as well as the attendance and participation in the general meetings. The amendments also introduced a 21-day period of time required between the disclosure of the notice and the date of the meeting in order to give shareholders enough time to form their voting decisions.

CHAPTER 3: NEW TAX LEGISLATION

1. State Budget for 2011 (Law no. 55-A/2010, of December 31st)

The State Budget for 2011 published in the Official Gazette in December 31st, 2010, introduced some important changes to the Portuguese Tax Law which entered into force as from January 1st, 2011.

1.1. Amendments to the Personal Income Tax

Taxation of capital gains earned by non-residents

Capital gains from the transfer of shareholdings and securities issued by resident entities, realized by individual non-resident taxpayers with no permanent establishment in Portugal are only exempt from Personal Income Tax provided that the taxpayer is resident in a country which has a Double Tax Treaty or a Tax Information Exchange Agreement with Portugal, which was not required before.

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Carry forward of losses

Losses related to rental income, capital gains and business and professional income may be carried forward for a maximum period of four years.

Income tax brackets

The personal income tax brackets have been updated for the year 2011 as follows:

Taxable Income (EUR)	Tax rates	
	Normal Rate	Marginal Rate
Up to 4,898	11.5%	11.5%
From 4,989 to 7,410	14%	12.3480%
From 7,410 to 18,375	24.5%	19.599%
From 18,375 to 42,259	35.5%	28.586%
From 42,259 to 61,244	38%	31.504%
From 61,244 to 66,045	41.5%	32.231%
From 66,045 to 153,300	43.5%	38.645
Over 153,300	46.5	-

Deductions from the final tax liability and tax benefits

Deduction of expenses from the final tax liability is limited according to the taxpayers' income tax bracket:

Taxable Income (EUR)	Limit (EUR)
Up to 4,898	No limit
From 4,989 to 7,410	No limit
From 7,410 to 18,375	No limit
From 18,375 to 42,259	No limit
From 42,259 to 61,244	No limit
From 61,244 to 66,045	No limit
From 66,045 to 153,300	1.666% of the taxable income up to 1,100
Over 153,300	1,000

Furthermore, tax benefits which consist on a deduction from the final personal income tax liability have also been limited according to the taxpayers' income tax bracket:

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Taxable Income (EUR)	Limit (EUR)
Up to 4,898	No limit
From 4,989 to 7,410	No limit
From 7,410 to 18,375	100
From 18,375 to 42,259	80
From 42,259 to 61,244	60
From 61,244 to 66,045	50
From 66,045 to 153,300	50
Over 153,300	0

Taxation of residents in other European Union/European Economic Area (EU/EEA)

Residents in other Member States of the EU or the EEA may benefit from an optional regime which allows the refund of withheld personal income tax due on income originated in the Portuguese territory whenever such tax exceeds that which would result from the application of the progressive tax rates applicable to Portuguese resident taxpayers.

The scope of this regime which has been in force as from January 1st, 2009, applying to certain professional and business income originated in Portugal is now extended covering certain kinds of employment income, including fees of the members of corporate bodies due or paid by entities with registered office, place of effective management in Portugal or by a permanent establishment of a non-resident entity located in Portuguese territory and certain income arising from intellectual property.

Final and special withholding tax rates

The State Budget for 2011 amended several final and special withholding tax rates set forth in the Personal Income Tax Code.

Interest and other forms of remuneration of shareholders' loans and share capital advances from the shareholder to the company and interest and other forms of remuneration due to shareholders as a compensation for not having received profit distributions are subject to withholding tax rate of 21.5%.

Investment income due by non-resident entities without the intervention of a paying agent resident in Portugal and not subject to withholding tax, are taxed at a special rate of 21.5%.

Income subject to final withholding taxation paid or made available to accounts opened

in the name of one or several accountholders acting on behalf of third entities not disclosed, except where the beneficial owners of such income are disclosed, is subject to a withholding tax rate of 30%.

1.2. Amendments to the Corporate Income Tax

Economic double taxation's relief over dividend distribution

Regarding the elimination of the economic double taxation of dividends distributed by Portuguese resident companies to EU/EEA resident parent companies the regime provided for in the State Budget Law for 2011 determines that such dividends are exempt from withholding tax where (i) the parent company meets the requirements set forth in the Parent/Subsidiary Directive (Council Directive 90/435/CEE, of July 23rd), (ii) the participation is held for a consecutive period of at least one year prior to the dividend distribution and (iii) the participation it holds is above 10% of the share capital of the Portuguese resident company.

Such requirements also apply on inbound dividends paid by entities resident in other EU/EEA Member States.

Insofar the previous alternative requirement for the application of the exemption regime – the acquisition value of the participation – is now irrelevant.

As regards purely internal distribution of dividends the regime provided for in the State Budget Law for 2011 also deems the value of the acquisition of the participation as irrelevant in order to allow the parent company to benefit from the elimination of the economic double taxation relief consisting in the deduction of the dividends from its taxable income. Insofar, as from January 1st, 2011, this regime only applies where the participation is held for a consecutive period of at least one year and the participation is above 10% of the share capital of the subsidiary.

Furthermore, the distributed dividends must have been subject to prior effective taxation in order to trigger the application of the elimination of the economic double taxation, thus meaning the previous partial tax deduction of 50% applicable regardless of the effective taxation is no longer possible.

These changes also apply to parent companies incorporated as holding companies (“SGPS”), venture capital companies (“SCR”) and business angels (“ICR”).

Reinvestment of capital gains

As from January 1st, 2011, the reinvestment regime of capital gains which establishes the tax neutrality of the realization of capital gains arising from the transfer of shareholdings is only applicable where the disposed shares corresponded to a participation of at least 10% of the share capital.

Tax losses

The deduction of tax losses for two consecutive tax periods depends on the previous certification of the taxpayers accounts by a chartered account.

As regards the maintenance of tax losses carried forward in case of a tax neutral merger, demerger or asset contribution that determines the change of control of the company depends upon the previous request to the Tax Authorities which must be submitted until the end of the month following the application of the operation to the Commercial Register Office.

Deductibility of capital losses

Capital losses and other losses incurred by the taxpayer are not deductible from its taxable income if the taxpayer benefited from the economic double taxation's relief through the deduction of the dividends originated from the said shareholding from its taxable income during the previous four years.

Withholding tax rates

The withholding tax rate applicable to capital income and income from debt securities is increased from 20% to 21.5%.

Investment income paid or made available on accounts opened in the name of one or several accountholders acting on behalf of third parties not disclosed shall be subject to withholding taxation at a rate of 30%, except where the beneficial owner is disclosed.

Refund of withheld tax on outbound dividends

Parent companies resident in other EU/EEA Member States subject to withhold tax on outbound dividends paid by Portuguese resident companies subject and not exempted from corporate income tax or to the excise tax on gambling may file a request for the refund of the withheld tax if it's amount is higher than that which would have been

due by a Portuguese resident parent company.

Special Tax regime for groups of companies

As from the tax period beginning on January 1st, 2011, the profits distributed between the group companies cannot be used to adjust the sum of the taxable profits and tax losses in the individual tax returns of the groups' companies.

Tax benefits

The effective tax assessed for resident companies engaging in commercial, industrial or agricultural activities as well as non-resident companies with a permanent establishment in Portuguese territory may not be lower than 90% of the tax that would have been assessed in the absence of tax benefits other than those expressly listed as not being relevant for such limit.

1.3. Amendments to the Value Added Tax ("VAT")

VAT rates

The standard VAT rate is increased by 2% in Portugal mainland and by 1% in Madeira and Azores to 23% and 16% respectively.

Some changes are also established concerning certain goods and services included in List I and List II attached to the VAT Code adjusting the VAT rate applicable to certain goods and services.

1.4. Amendments to the Municipal Property Ownership Tax

Entities residing in tax havens

Properties owned by entities resident in black-listed jurisdictions will be subject as from January 1st 2011 onwards to a 5% real estate municipal tax.

1.5. Amendments to the Stamp Tax

Shareholders loans exemption

The Stamp Tax exemption for shareholders loans does no longer depend upon the one year minimum term for the loan.

Exemption for repos and fiduciary transmissions

Until December 31st, 2011, repos and fiduciary transmissions between financial institutions and central counterparties are exempt from Stamp Tax.

1.6. Special contribution on the banking sector

The State Budget for 2011 introduced a new special contribution on the banking sector.

The special contribution shall be due by (i) credit institutions whose main and effective management is located in the Portuguese territory, (ii) subsidiaries in Portugal of credit institutions whose main and effective management is not located in Portuguese territory and (iii) Portuguese branches of credit institutions whose main and effective management is located outside de EU.

This new special contribution shall be assessed by reference to (i) the liabilities computed and approved by the taxpayer, reduced by its Tier 1 and Tier 2 capital and by deposits covered by the Deposit Warranty Fund and (ii) the value of the derivatives not covered in the taxpayer's balance sheet.

The tax rates due on the amount referred in (i) above varies between 0.01% and 0.05% whereas the rate due on the amount assessed in (ii) above varies between 0.0001% and 0.0002%.

The taxpayers must assess the taxable income and the tax amount and deliver it before the Tax Authorities until June 30th each year.

This special contribution will not be deductible for tax purposes.

1.7. Special measures to boost the investment in the economy

*Taxation of external loans – *Schuldsheindarlehen**

Interest related to foreign capital earned by non residents – individual or companies -, with no permanent establishment in Portugal, arising from loan contracts – *Schuldsheindarlehen* – entered into by *Instituto de Gestão da Tesouraria e do Crédito Público, I.P* (“IGCP”), representing the Portuguese State, are exempt from Personal Income Tax and Corporate Income Tax provided that IGCP acknowledges such exemption.

Taxation of debt securities issued by non-resident entities

Income considered to be obtained in Portugal arising from public and non public debt securities issued by non-resident entities is exempt from Personal Income Tax and Corporate Income Tax provided that the income is paid by the Portuguese State as a warrant of obligations assumed by companies in which the Portuguese State or another EU Member State has a participation in.

2. Decree-Law no. 10/2011, of January 20th

Decree-Law no. 10/2011, of January 20th introduced the tax arbitration regime in Portuguese Law, as an alternative solution for the taxpayers on litigation against the Tax Authorities through judicial or administrative claims.

Tax arbitration thus broadens the taxpayers' means of litigation, for instance as regards the assessment of taxes, including self assessment by the taxpayer, withholding tax and tax payments on account, the calculation of the taxable basis or any act of valuation of property for tax purposes.

Arbitration courts may be set with a maximum of three arbitrators. The taxpayers may appoint one of the arbitrators.

This regime is established with the purpose of increasing the procedural speed thus providing for a procedure which assures the arbitrators autonomy without establishing rigid procedural rules. Furthermore the decision should be issued in 6 months as from the start of the proceedings. This time limit may only be extended once for another 6 months period.

The decision arising from the arbitration has the same value as one taken by an ordinary Tax Court, thus being fully enforceable against the Tax Authorities as well as against the taxpayers. Neither the Tax Authorities nor the taxpayer may appeal against the decision taken by the arbitrators.

Finally the Decree-Law referred above enables taxpayers which have pending cases in Tax Courts for more than two years to submit such cases before an arbitration court without any additional court fees.

3. Law no. 15/2010, of July 26th

Law no. 15/2010, of July 26th, amended the Personal Income Tax Code and the Tax Benefits Act, introducing a 20% taxation scheme for capital gains arising from the sale of securities, applicable to investor residing in Portugal for tax purposes, thus revoking the previous non taxation scheme of capital gains arising from the sale of shares held for more than 12 months and the sale of bonds and other debt securities.

This scheme maintains the exemption applicable to capital gains arising from the sale of securities made by investors who do not reside in the Portuguese territory and to capital gains arising from the sale of shareholding made by SGPS and SCR.

This Law increased the tax rate applicable to the positive balance between capital gains and capital losses arising from the sale of securities to 20% (previously subject to a 10% rate).

According to this new taxation scheme only 50% of the positive balance between capital gains and capital losses from securities arising from the sale of shareholdings including redemption and amortization of the same with reduction of the share capital relating to micro and small enterprises not listed on regulated markets nor regulated stock exchange markets is taken into account for purposes of assessment of the taxable income in the capital gains income category. This also applies to the amounts attributed to shareholders from division which is considered capital gain.

This Law established a special regime for the taxation of capital gains realized by investment funds. As regards open-ended investment funds or investment funds with public subscription an exemption is established on the positive balance between capital gains and capital losses arising from the sale of shares held for more than 12 months, bonds or other debt securities. The positive balance between capital gains and capital losses arising from the sale of shares held for more than 12 months, bonds and other debt securities obtained by mixed investment funds or open ended investment funds with private subscription is taxed according to the rules set out in the Personal Income Tax Code, described above.

4. Law no. 12-A/2010, of June 30th

Law no. 12-A/2010, of June 30th, approved a set of additional budget consolidation measures aiming at reducing the excessive deficit and at the control of the public debt growth foreseen in the Stability and Growth Program ("PEC"), entering into force on

July 1st, 2010.

As regards the Personal Income Tax this law introduced an increase of the marginal tax rates.

Furthermore this law increased the withholding tax rates applicable to several investment income namely deposit interests, dividends, securities, “unit linked”, obtained in Portugal from 20% to 21.5% as well as the withholding tax rates applicable to payments made to tax residents in Portugal as follows:

- (i) 16.5% to business income (Category B) from intellectual and industrial property rights when obtained by the original owner of such rights, to investment and rental income (Categories E and F) or to patrimonial increases (previously 15%);
- (ii) 21.5% to business income (Category B) arising from certain professional activities (previously 20%);
- (iii) 11.5% to business income (Category B) not covered by the rates described above (previously 10%).

As regards Corporate Income Tax a new surcharge of 2.5% was introduced. This surcharge is due over the annual taxable profits exceeding EUR 2.000.000 subject and not exempt from Corporate Income Tax assessed by resident taxpayers carrying out a commercial, industrial or agricultural activity by non-residents with a permanent establishment in Portugal. Where the Special Group Entities regime applies, the surcharge should be assessed on each company taxable profits, including the leading company. The payment of the surcharge is made in three additional payments on account (corresponding to 2% of the taxable profit exceeding EUR 2.000.000 assessed in the previous year) on the 7th month, 9th month and on the 15th day of the 12th month.

As regards VAT, all of its rates where increased. In the Mainland, as from July 1st, 2010, the standard rate was increased to 21%, the intermediate rate was increased to 13% and the reduced rate was increased to 6%. In the same way, as from July 1st, 2010, the standard and intermediate rates applicable to transactions deemed to be located either in Madeira or Azores were increased to 15% and 9% respectively whereas the reduced rate remained unchanged (*i.e.* 4%).

Law no. 12-A/2010, of July 1st, also introduced several changes to the Stamp Tax liability of the credit for consumption establishing an increase of the tax rates when

compared to the ones applicable to other type of credits, as follows:

- (i) Credit granted for less than one year, for each month or fraction: 0.07%;
- (ii) Credit granted for one year or more: 0.9%;
- (iii) Credit granted for five years or more: 1%;
- (iv) Use of credit under current account, overdraft or any other form where the term is not or may not be determined on the monthly average of the daily debtor balances during the month divided by 30: 0.07%.

These tax rates became effective for the use of consumption credit occurring as from July 1st, 2010 onwards, including new agreements and renewals of previous agreements.

5. Decree-Law no. 73/2010, of June 21st

This Decree-Law adopted the new Excise Tax Code, transposing the Council Directive 2008/118/EC, of December 16th into Portuguese Law.

The Decree-Law makes very little amendments to the rules governing excise tax (*i.e.* tax on alcohol, petroleum and energetic products and tobacco products) in force under the previous regime. The amendments relate essentially to the simplification of procedures, for instance:

- (i) The adoption of a computer system relating to the operations and control of products subject to tax, by means of which the relation between traders and custom authorities is dematerialized and the circulation of products under a tax-suspended regime is carried out by mean of an electronic administrative document;
- (ii) Extension of the time limit for the delivery of the declaration of release for consumption until the end of the working day following the one in which the product is released;
- (iii) Improvement of the rules concerning reimbursement;
- (iv) Introduction of the concept of registered consignee which corresponds to the

former registered trader, the temporary registered consignee, which corresponds to the former non register trader and the registered consignor that is authorized to dispatch products subject to excise tax on a tax-suspended basis from its import location to authorized destinations;

(v) Provision is made for the possibility of the products circulating on a tax-suspended basis in the national territory with destination to the registered consignee.

With regard to the specific of each excise tax, there are no significant amendments. In terms of tax on alcohol and alcoholic beverages, the novelty is the reinforced control over small distilleries. As regards to the tax on petroleum and energetic products, noteworthy is the establishment of the relevant tax rate intervals in the New Excise Tax Code itself. Finally, with regard to the rules on tobacco tax, there is a simplification and clarification of existing rules in terms of the marketing and holding of products.

6. Law no. 11/2010, of June 15th

This Law established a new 45% personal income tax rate for taxable persons or families with annual income of more than EUR 150,000, which will be applicable to income obtained between and including the years 2010 and 2013.

7. State Budget for 2010

Law no. 3-B/2010, of April 28th, approved the State Budget for 2010 and introduced some major changes into the Portuguese Tax system.

7.1. Personal Income Tax

Final withholding tax rates

A single final withholding tax rate of 20% is introduced, and shall apply to both resident and non-resident taxpayers, meaning that the former withholding tax rates varying from 15% to 35%, depending on the type of income and the residence of the taxpayer, are no longer applicable. As an example, the 25% final withholding tax rate formerly applicable to income arising from non competition clauses or from indemnities due for non-patrimonial damages, except those settled by a judicial or arbitration decision or settlement confirmed by the court, or from indemnities for non evidenced emerging damages or loss of profits, is reduced to 20%.

On the other hand, some of the income received by non residents, notably income arising from the intermediation of contracts, from the supply of certain services formerly subject to a 15% withhold tax rate, will now become subject to a higher withholding tax rate of 20%. Furthermore and unlike it was provided until 2009, resident taxpayers are now entitled to opt to include any of their taxable income subject to the referred 20% withholding tax rate and have it taxed together with other types of income, under the progressive scale of tax rates.

Autonomous taxation

The autonomous tax rate of 20% until then applicable only to profits and interest due by non-resident entities is now applicable to other investment income due by non-resident entities to a resident taxpayer that had not been paid through a paying agent in Portugal.

7.2. Corporate Income Tax

Reduction of the time limit for the deduction of tax losses

The State Budget for 2010 reduced the time limit for deduction of tax losses.

According to the new regime it is only possible to deduct tax losses for four tax periods following their assessment whereas it was previously admitted to deduct tax losses for the following six tax periods after assessment.

Capital gains taxation's relief upon reinvestment

For the purposes of the exclusion from Corporate Income Tax in 50% of the positive difference between realized capital gains and losses through the sale of shares, upon reinvestment of the transfer's proceeds, bonds issued by the Portuguese State are no longer eligible assets for the reinvestment.

Economic double taxation's relief over profits received

The scope of the economic double taxation relief regime is broaden in order to also apply to profits obtained by permanent establishments located in Portugal of entities resident in a Member State of the EEA, as well as to profits obtained by an entity resident in Portugal arising from a participation held in an entity resident in another Member State of the EEA, whenever the requirements of article 2.^o of the Council Directive 90/435/ECC, of 23 July are met, with the necessary adaptations, and an administrative cooperation obligation exists in the tax area that is similar to the one

foreseen in EU.

Moreover, this regime becomes also applicable regardless of the percentage or period during which the participation is held to profits obtained by permanent establishments located in Portugal of entities resident in the EU or in the EEA, to the extent that these are comparable to *sociedades de seguros, mútuas de seguros, sociedades de desenvolvimento regional, sociedades de investimento* or to *sociedades financeiras de corretagem*.

Autonomous taxation

An autonomous taxation of 35% will be due over the expenses related to premiums and other sort of variable remunerations paid to managers, administrators or directors, whenever they represent more than 25% of the annual remuneration and the respective amount is higher than EUR 27,500, except if:

- (i) The respective payment is deferred at least in 50% during a minimum period of three years; and
- (ii) Such payment is linked to the positive performance of the company during said period.

The aforementioned autonomous taxation is raised to 50% in case of expenses related to premiums and other sort of variable remunerations, paid or computed in 2010 by credit institutions and financial companies to administrators or directors, whenever such premiums or variable remuneration represent more than 25% of the annual remuneration and the respective amount is higher than EUR 27,500. In this case, taxation is levied even if payment is deferred or linked to the performance of the entity.

7.3. VAT

Reverse-charge – Greenhouse gases emissions

A new reverse-charge rule regarding supplies of services related to emission rights, certified emissions reductions or units on the reduction of greenhouse gases emissions, was introduced.

This new rule applies whenever the acquirer is a taxable person registered for VAT purposes in Portugal with right to deduct VAT (wholly or partially). Having in mind the new rules governing the place of supply of services – the so called “VAT Package”, this amendment should be interpreted as aiming to be specifically applicable with respect to local transactions (*i.e.*, between Portuguese VAT liable entities).

VAT Adjustments – Bad Debt Relief

In addition to the previous cases in which the adjustment of the VAT on bad debts is already allowed (e.g., those arising from foreclosure and insolvency procedures) a new rule will be brought into the Portuguese VAT bad debts relief scheme allowing the adjustment of VAT on bad debts arising from a conciliation procedure mediated by the IAPMEI.

VAT exemption on the supply of goods to Portuguese exporters

The deadline foreseen in order so that taxable persons who perform supplies of goods to national exporters obtain the certificate that proves the corresponding export (which warrants the application of the exemption) is extended from 60 to 90 days.

CHAPTER 4: TREATIES

According to Double Tax Treaties entered by Portugal, the domestic withholding tax rate on dividends, interest and royalties payments can be reduced as follows:

Country of recipient	Dividends	Interest	Royalties
Algeria	15%/10% (c)	15%	10%
Austria	15% (a)	10%	5%/10% (b)
Belgium	15% (a)	15%	10%
Brazil (p)	10%/15% (c)	15%	15%
Bulgaria	15%/10% (c) (a)	10%	10%
Canada	15%/10% (c)	10%	10%
Cape Verde	10%	10%	10%
China (People's Rep.)	10%	10%	10%
Chile	15%/10% (c)	15%/5% (i) /10% (j)	10%/5% (l)
Czech Republic	15%/10 (c) (a)	10%	10%
Cuba	10%/5% (s)	10% (m)	5%
Denmark	10% (a)	10%	10%
Estonia	10% (a)	10%	10%
Finland	15%/10% (d) (a)	15%	10%
France	15% (a)	12%/10% (e)	5%
Germany	15% (a)	15%/10% (f)	10%
Greece	15 % (a)	15%	10%

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Hungary	15%/10% (c) (a)	10%	10%
Iceland	15%/10% (c)	10%	10%
India	15%/10% (c)	10%	10%
Ireland	15% (a)	15% (q)	10% (g)
Italy	15% (a)	15%	12%
Korea (Rep.)	15%/10% (c)	15%	10%
Latvia	10% (a)	10%	10%
Lithuania	10% (a)	10%	10%
Luxembourg	15% (a)	15%/10% (h)	10%
Macau	10%	10%	10%
Malta	15%/10% (c)	10% (q)	10%
Moldova	10%/5%(c)	10%	8%
Mexico	10%	10% (i)	10%
Morocco	15%/10% (c)	12%	10%
Mozambique	15%	10%	10%
The Netherlands	10% (a)	10% (q)	10% (g)
Norway	15%/10% (d)	15%	10%
Pakistan	15%/10% (c)	10% (w)	10% (x)
Poland	15%/10% (c) (a)	10% (q)	10%
Romania	15%/10% (c) (a)	10% (q)	10%
Russia	15%/10% (c)	10% (q)	10%
Singapore	10%	10% (q)	10%
Slovenia	15%/5% (l) (a)	10%	5%
Slovakia	15%/10% (c) (a)	10%	10%
Spain	15%/10% (d) (a)	15%	5%
Sweden	10 % (a)	10% (v)	10%
Switzerland	15%/10% (d)	10%	5%
Ukraine	15%/10% (c)	10%	10%
United Kingdom	15%/10% (j) (a)	10%	5%
USA	15%/5% (l)	10% (m)	10% (g)
Tunisia	15%	15%	10% (o)
Turkey	15%/5% (t)	15%/10% (u)	10%
Venezuela	10%	10%	12%/10% (r)

(a) Under the Portuguese domestic law that implemented the EC Parent-Subsidiary Directive, if the parent company resident in other EU Member State meets the requirements of article 2 of the said Directive and has held, at least, 10% of the capital stock of the Portuguese Subsidiary for, at least, one year prior to the dividend distribution, dividends will

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be exempt (where this one year minimum shareholding period is met after the dividends distribution occurred, a refund of the tax which had been withheld can be claimed).

(b) 10% applies where the shareholding is equal or over 50%.

(c) If the beneficial owner is a company that has held at least 25% of the capital stock of the Portuguese Subsidiary for at least two consecutive years prior to the dividend distribution, the withholding rate will be 10%.

(d) If the beneficial owner is a company that holds directly at least 25% of the capital stock of the company that pays the dividends, the withholding rate will be 10%.

(e) In the case of interest of bonds issued in France after January 1, 1965, the rate is of 10%.

(f) Interest payments proceeding from Portugal and resulting of whatever kind loan agreements granted by a Bank will be subject to a rate of 10%, provided that the Government considers the operation of economical and social interest for the country.

(g) Includes the payments related to technical assistance rendered in connection with the use of *royalties*.

(h) If interest is paid by a company, in whose ownership it is tax deductible in reference to a financial establishment resident in the other state, the rate will be 10%

(i) Interest of loan agreements granted for at least three years, or granted by a public financial institution in order to promote exports or development through preferential credit is exempt

(j) If the beneficial owner is a company that holds directly at least 25% of the capital stock of the company that pays the dividends or controls directly at least 25% of the votes of the relevant company, the withholding rate will be 10%.

(l) If the beneficial owner is a company that has held at least 25% of the capital stock of the Portuguese Subsidiary for at least two consecutive years prior to the dividend distribution, the Portuguese withholding rate will be 5%.

(m) Interest payments of long-term (five years or more) loan agreements granted by a Bank or financial institution resident in the other state is not subject to withholding tax.

(n) Includes technical assistance, technical or economical studies connected with the use or concession of use of rights, assets or information in the terms established in the Agreement.

(o) In case of remuneration derived from technical assistance, the rate is 10% of the gross amount of such remuneration.

(p) The Convention does not apply to residents of a contracting state which benefit from the Madeira Free Zone regime (Portugal), or from the Manaus, SUDAM and SUDEME regime (Brazil).

(q) None if paid to the Government, an agency thereof, a local authority or to a financing institution based on a government agreement.

(r) In case of remuneration derived from technical assistance, the rate is 10%.

(s) If the beneficial owner is a company that owns directly at least 25% of the capital of the distributing company the withholding rate is 5%.

(t) If the beneficial owner is a company that has held at least 25% of the capital stock of the Portuguese Subsidiary for at least two consecutive years prior to the dividend distribution, the withholding rate will be 5%.

(u) If the interest payment regards a loan made available for a period of more than two years, the withholding rate will be 10%. Furthermore, if interest is paid to government, an agency thereof, a local authority or to Central Banks, no withholding tax shall be due.

(v) However, interest shall only be taxed in the State of residence of the beneficiary if one of the conditions set forth in article 11, number 3, paragraphs a) to d) of the Double Tax Treaty Portugal/Sweden is met.

(w) Interest paid by a company resident in one of the contracting States shall be tax exempt in that State provided that one of the conditions set forth in article 11, number 3, paragraphs a), b) or c) of the Double Tax Treaty Portugal/Pakistan, is met.

(x) The income regarding "technical services" shall be subject to taxation at a 10% rate, in the terms of article 12 of the Double Tax Treaty Portugal/Pakistan.

We set out below the treaties already concluded but not yet in force and which the respective wording is yet unknown (apart from the Guinea Bissau Treaty):

- Barbados
- Colombia
- United Arab Emirates

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- Guinea Bissau (dividends, interest and royalties: 10%)
- Kuwait
- Panama
- San Marino
- Uruguay