

FOREIGN INVESTMENT

NEW INVESTMENT AND TOURISM REGIONAL CENTERS

Decree-Law No. 65/2015, of 3 December 2015, approved the restructuring of Cabo Verde Investimentos, the Cape Verdean agency responsible for promoting investments, which has been renamed as Cabo Verde Investimentos – Agência do Turismo e Investimento de Cabo Verde ("CI"). With the aim of closer proximity to investors and as part of a decentralization policy, CI will be internally structured into three Tourism Regional Centers, based in Praia, Sal and Mindelo.

ENERGY

PETROLEUM PRODUCTS MAXIMUM PRICES

The Economic Regulatory Agency, by means of various Resolutions published on 12 February 2016, has approved the new maximum prices for the final consumer of petroleum products due to the drop of the VAT rate from 15.5% to 15% as of 1 January 2016.

ELECTRICITY AND WATER TARIFFS

The Economic Regulatory Agency, through various Resolutions published on 12 February 2016, has updated the variable components of electricity and water tariffs charged by the national concessionary company Electra, S.A.

TAX

NEW TRANSFER PRICING REGULATIONS IN FORCE AS OF JANUARY 1

New transfer pricing regulations have been approved by Order No. 75/2015, dated 31 December 2015, of the Ministry of Finance and Planning. The Order establishes that the different transfer pricing methods provided in the OECD Guidelines are accepted in Cape Verde, including the comparable price method, the resale price method, the cost plus method, the profit split method and the transactional net margin method. This statute details the requirements regarding cost sharing and intra-group agreements, comparability factors, along with supporting information and documentation to be obtained and kept by taxpayers. Finally, this Order also states that certain taxpayers, including but not limited to the so-called "Major Taxpayers" and PE's of foreign entities, are required to prepare and keep a transfer pricing file.

CURRENCY DEVALUATION COEFFICIENTS

Order No. 76/2015, of 31 December 2015, has approved the table of currency devaluation coefficients applicable in establishing capital gains or losses resulting notably from the transfer of shares for a price, investment properties, tangible fixed assets and intangible assets.

AMENDMENTS TO THE TAX BENEFITS CODE

Law No. 102/III/2016, of 6 January 2016, has amended and republished the Tax Benefits Code (TBC). Among several changes, special reference must be made to the following: (i) changes related to investments tax benefits, notably with respect to the eligible minimum investment required to obtain contractual tax benefits under an investment contract concluded with the Government; (ii) the entities licensed to operate within the Cape Verde International Business Center are granted an additional five year period (until 2030) to benefit from reduced corporate income tax; and (iii) the introduction of tax benefits on corporate income tax, personal income tax, stamp duty and property tax for companies subject to business recovery and bankruptcy proceedings.

ARBITRATION ON TAX MATTERS

Law No. 108/III/2016, of 28 January 2016, has established arbitration as an alternative method to judicial dispute resolution regarding tax matters. Arbitration proceedings will be conducted by independent and impartial arbitrators, whose decisions will have the same legal standing as court decisions. As a rule, no appeal may be lodged against decisions rendered by arbitration tribunals. Exceptionally, appeals may be submitted to the Constitutional Court or the Supreme Court of Justice. During the first five years of the regime, arbitration proceedings will only be available for tax disputes of no more than 10 million Cape Verdean Escudos (equivalent to ninety thousand Euros). Once the 5 year period has lapsed the threshold will be increased to 20 million Cape Verdean Escudos (equivalent to one hundred and eighty thousand Euros). According to the law, arbitration proceedings must be concluded within six months, extendable for six additional months.

TOURISM

REMOTE GAMBLING AND BETTING IS NOW LEGAL

As per Decree-Law No. 73/2015, of 31 December 2016, entered into force on 1 January 2016, remote betting and gambling became legal, based on the licensing process provided for by this statute.

REAL ESTATE

NEW LEGAL REGIME ON URBAN LEASING

Law No. 101/III/2016, of 6 January 2016, enacted the new regime for urban leases. Among other features it should be highlighted: (i) the mandatory execution of urban lease agreements in written form and in triplicate, with the original to be remitted to tax authorities; (ii) the default duration of the urban lease agreement will now be of six (6) months; (iii) the establishment of rules on mandatory execution of conservation works at landlord's expense; (iv) rents must be expressed in national currency (Cape Verdean escudos); (v) the advance payment of rent is permitted; and (vi) limited duration agreements (of no less than three (3) years) are now possible for residential leases.

MARITIME

NEW REGULATIONS ON INTER-ISLAND TRANSPORT

By means of Regulations No. 1/2015, of 24 December 2015, the Maritime and Port Agency has regulated the inter-island transport of passengers, baggage and cargo by sea, thereby defining matters such as passengers' rights in the event of delayed departure or cancellation of the trip, vehicles and cargo transport, carrier's liability and the relevant indemnity regime.

INDEMNITY INSURANCE

Decree-Law No. 70/2015, of 31 December 2015, set forth the rules applicable to the insurance regime provided for in the Cape Verdean Maritime Code (which entered into force in 2011), covering damages caused to third parties as a consequence of vessel navigation, as well as pollution damages caused to coasts and navigable waters. This statute is applicable to domestic and foreign vessels calling at the ports of Cape Verde when not covered by international conventions on indemnity insurance.

AVIATION

CAPE VERDE AIR BUSINESS CLUSTER SEES STRATEGIC PLAN APPROVED

With the purpose of transforming the air transport sector into one of the main driving forces of the Cape Verdean economy, Resolution No. 13/2016, of 22 February 2016, approved the Strategic Plan for the Cluster of Cape Verde Air Business (PECAN) which provides, among others, for the improvement of air traffic, the operational and financial restructuring of the national airline TACV, the sub-concession of ASA's airport business and the strengthening of air transport liberalization policy.

CIVIL AVIATION AGENCY WITH JURISDICTION ON COMPETITION MATTERS

Decree-Law No. 1/2016, of 11 January 2016, has amended the By-laws of the Civil Aviation Agency, which has the authority to regulate competition matters in the civil aviation sector up until the time the Competition Authority is established.

INSURANCE

RISK MANAGEMENT AND INTERNAL CONTROL OF INSURERS

By means of Notice No. 1/2016, of 3 February 2016, the Bank of Cape Verde approved rules and principles concerning risk and internal control management systems which are to be implemented by insurance companies based in Cape Verde and by its affiliates, branches or representative offices overseas.

LABOR

LABOR CODE AMENDED

Legislative Decree No. 1/2016, of 3 February 2016, has introduced amendments to the Labor Code, approved by Legislative Decree No. 5/2007, of 16 October 2007, already amended in 2010. Among several amendments, it must be emphasized the changes regarding part-time work and remuneration of overtime, as well as the rules related to temporary work and teleworking. The amendments to the Labor Code will enter into force on 5 October 2016.

STATE

FEES AND PAYMENTS TO PUBLIC ENTITIES

Law No. 100/III/2015, of 10 December 2015, has established the framework of fees and payments to public entities, thereby stating that the latter shall provide, in hard copy and on its website, all statutory instruments stating the fees and payments due for the rendering of public services and/or for the use a public asset under its responsibility.

NEW RULES APPLICABLE TO THE PUBLIC BUSINESS SECTOR

Law No. 104/III/2016, of 6 January 2016, has set forth the rules applicable to the Public Business Sector, including the format for State-owned companies' By-laws. According to the new statute, the Public Business Sector comprehends the State Business Sector (made up of State-owned companies and companies in which the State holds a stake) and the Local Business Sector.

HEALTH

GOOD PRACTICES IN MANUFACTURING AND DISTRIBUTING MEDICAL PRODUCTS

In order to ensure the quality and safety in manufacturing and distributing medical products, by means of Resolutions No. 1/2016 and No. 2/2016 of 29 February 2016, the Regulatory and Surveillance Agency for Pharmaceutical and Food Products has approved a set of good practices.

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