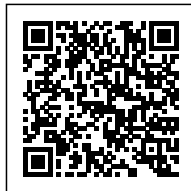


PROPOSING A NEW CORPORATE FRAMEWORK - ABREU ADVOGADOS

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The Portuguese Government's decision to convene a Committee to explore new corporate tax initiatives presents an opportunity for decisive change

El Gobierno portugués ha tomado la decisión de crear un Comité dedicado a valorar nuevas iniciativas de tributos corporativos, lo cual puede resultar una oportunidad interesante para algunas empresas, dice Miguel Teixeira de Abreu de Abreu Advogados.

The Committee's goal is to help bring Portugal in line with broader European tax rules and to take better account of the views of all the stakeholders in the system," says Miguel Teixeira de Abreu, Co-Head of Tax at Abreu Advogados. "This comes in the context of a Government acutely aware of public opposition to new tax rises and reducing the tax base in light of its obligations under the EU bailout."

Teixeira de Abreu highlights five measures that he believes will better equalise domestic and European norms, and have a positive impact on international investor confidence.

Among them is the elimination of double taxation on dividend and interest payments and an end to withholding tax on foreign loans, to encourage corporates to deploy more working capital. In addition, he favours the creation of a dedicated tax regime, to better encourage international investors to utilise Portugal as a conduit to the Lusophone world.

"When it comes to investments in Brazil, Angola and Mozambique we have a clear cultural advantage," Teixeira de Abreu says, "but a financial disadvantage, relative to the existing tax initiatives of countries like The Netherlands and Mauritius."

Also proposed is a new tax structure for venture capital and private equity funds, to promote more early stage investment, and new rules promoting the flow of capital within groups of companies by reducing the tax on intra-company transfers.

"Our sense is that a number of these measures are being seriously considered as they present untapped revenue pools or focus in encouraging new international investment," he adds.

Portugal has already seen significant change in the personal tax regime, including the introduction of 'Golden Visas' and a flat 20 percent rate for new resident foreign investors. Abreu's hope is that equally positive results can be achieved in the corporate arena.