

enterprise europe network



Business Support on Your Doorstep

Doing Business in Portugal Country profile

ENTERPRISE EUROPE NETWORK



The Enterprise Europe Network is an initiative of the European Commission's Directorate General for Enterprise and Industry. It is a key instrument of the Competitiveness and Innovation Framework Programme (CIP), which focuses on supporting SMEs in their growth and innovation activities.

The Executive Agency for Competitiveness and Innovation (EACI) is responsible for managing the Network on a daily basis; this includes training, communication, information, contract management, quality control and reporting.

The **Enterprise Europe Network is the largest network** of contact points providing information and advice to EU companies on EU matters, in particular small and medium enterprises (SMEs). The Network is made up of close to **600 partner organisations** in more than **40 countries**, promoting competitiveness and innovation at the local level in Europe and beyond.

The Enterprise Europe Network offers concrete and effective solutions to entrepreneurs and companies in more than 40 countries, including the 27 EU member states, three EU candidate countries (Croatia, the former Yugoslav Republic of Macedonia and Turkey), members of the European Economic Area (EEA) and other participating third countries.

Instruments include business partner search within technology and business cooperation databases and fast access to information on funding opportunities; individual on-site visits to companies to assess their needs and a broad range of promotion and information material. Representatives of the Network can also help businesses understand EU law, how it applies to their business and how to make the most of the internal market and EU programmes.

The Enterprise Europe Network fully exploits the synergies between all support services and helpdesks aimed at European businesses. The “one-stop shop” service is accompanied by a “no wrong door” policy: an entrepreneur or business actor can enter the Network through any contact point, and will then be assisted and personally directed to the relevant service or organisation.

The Network services are specifically designed for small and medium enterprises (SMEs) but are also available to all businesses, research centres and Universities across Europe.

The Enterprise Europe Network offers easy access and proximity to local services for SMEs, thus creating regional business gateways. Regional consortia cooperate to create a coherent support structure for local companies, boosting the region’s profile and its competitiveness.

Business actors are encouraged to share, define and disseminate best practices in fields such as innovation, expansion to new markets, enlargement of the client base, improvement of market position, etc. As a result, the Enterprise Europe Network helps SMEs realise their potential in terms of growth and regional job creation.

The Network will also improve the relationship between the European Commission and business. Network representatives will provide the Commission with regular feedback on EU policy, the difficulties SMEs face operating in the EU and the effectiveness of the EU’s programmes. All this will help shape EU law that is more business-friendly and will stimulate growth and competitiveness across the EU. The Network is there to support the European Commission and help it to help business.

<http://www.enterprise-europe-network.ec.europa.eu/>

The Enterprise Europe Network in Portugal

In Portugal, the *Enterprise Europe Network* is represented by a Consortium involving nine partners, distributed regionally throughout the national territory, including the autonomous regions of Azores and Madeira. This Consortium – named PORTUGALINOVA NET – shows a balanced participation of public and private entities as well as a wide set of competences, skills and experience in innovation and support services for SMEs. It also reflects a long track record of institutional cooperation in providing support services to SMEs and the other main players in the Portuguese innovation system, since it includes previous EIC and IRC host structures.

PORTUGALINOVA NET involves the following partners:

IAPMEI – Portuguese Institute for SME and Innovation

Estrada do Paço do Lumiar, Campus do Lumiar,
Edifício A • 1649-038 Lisboa

Tel.: +351 266 739 700

Fax: +351 266 739 701

E-mail: eenetwork@iapmei.pt

<http://www.iapmei.pt>



ACIF-CCIM – Business Association of Funchal / Chamber of Commerce and Industry of Madeira

Rua dos Aranhas, 24-26 • 9000-044 Funchal

Tel.: +351 291 206 800

Fax: +351 291 206 868

E-mail: eenetwork@acif-ccim.pt

<http://www.acif-ccim.pt/>



AIMinho – Business Association of Minho Region

Av. Dr. Francisco Pires Gonçalves,

Nº 45 – Apartado 99 • 4711-954 Braga

Tel.: +351 253 202 500

Fax: +351 253 276 601

E-mail: eenetwork@aiminho.pt

<http://www.aiminho.pt>



CCIPD – Chamber of Commerce and Industry for Ponta Delgada

Rua Ernesto do Canto, 13 • 9504-531 Ponta Delgada

Tel.: +351 296 305 000

Fax: +351 296 305 050

E-mail: eenetwork@ccipd.pt

<http://www.ccipd.pt/>



INPI – Portuguese Patent and Trademark Institute

Campo das Cebolas • 1149-035 Lisboa

Tel.: +351 218 818 100

Fax: +351 218 878 508

E-mail: eenetwork@inpi.pt

<http://www.inpi.pt/>



AdI – Portuguese Innovation Agency

Rua de Sagres, 11 • 4150-649 Porto

Tel.: 226 167 820

Fax: 226 185 406

E-mail: eenetwork@adi.pt

<http://www.adi.pt/>



AIDA – Business Association for the District of Aveiro

Rua da Boavista – Z. I. de Taboeira

Apartado 3184 • 3800-115 Aveiro

Tel.: 234 302 493

Fax: 234 312 366

E-mail: eenetwork@aida.pt

<http://www.aida.pt/>



CCDR – The Regional Development and Coordinating Commission of the Algarve

Rua do Lethes, n.º 32

8000-387 Faro

Tel.: 289 895 270

Fax: 289 895 279

E-mail: eenetwork@ccdr-alg.pt

<http://www.ccdr-alg.pt/>



CEC/CCIC – Entrepreneurial Council of Centro / Chamber of Commerce and Industry of Centro

Rua Coronel Júlio Veiga Simão

3025-307 Coimbra

Tel.: 239 497 161

Fax: 239 494 066

E-mail: eenetwork@cec.org.pt

<http://www.netcentro.pt/>



<http://www.enterpriseeuropenetwork.pt>

TABLE OF CONTENTS

ENTERPRISE EUROPE NETWORK	1
<i>The Enterprise Europe Network in Portugal</i>	2
1. INTRODUCTION TO THE COUNTRY	4
1.1 <i>Location</i>	4
1.2 <i>History</i>	4
1.3 <i>Culture</i>	4
1.4 <i>Population</i>	5
1.5 <i>Infrastructures</i>	5
2. ECONOMY	7
2.1 <i>Foreign trade</i>	7
2.2 <i>Portuguese Foreign Direct Investment</i>	9
2.3 <i>Foreign Direct Investment in Portugal</i>	10
2.4 <i>Doing business responsibly</i>	10
3. PORTUGUESE TAX SYSTEM	11
3.1 <i>Value Added Tax – VAT</i>	11
3.2 <i>Income Tax – IRS</i>	12
3.3 <i>Company Income Tax – IRC</i>	12
3.4 <i>Stamp Duty</i>	13
3.5 <i>Real State Tax</i>	13
3.5.1 <i>IMT – PROPERTY TRANSFER TAX</i>	13
3.5.2 <i>IMI – PROPERTY TRANSFER TAX</i>	13
4. PORTUGUESE LABOUR LAW	14
4.1 <i>Types of contracts</i>	14
4.2 <i>Trial period</i>	15
4.3 <i>Working hours</i>	15
4.4 <i>Holidays</i>	15
4.5 <i>Social Security Contributions</i>	15
4.6 <i>Residence and permanent entry visa</i>	15
5. STARTING IN BUSINESS	16
5.1 <i>Your business support</i>	16
5.2 <i>TAX Incentives</i>	17
6. LEGAL REQUIREMENTS FOR MARKET ACCESS	18
6.1 <i>Intra-EU exchange procedures</i>	18
6.2 <i>General import procedures</i>	18
6.3 <i>Foreign investment procedures</i>	19
6.4 <i>Doing business outside the European Union</i>	19
7. SOURCES AND USEFUL LINKS	20

1. INTRODUCTION TO THE COUNTRY

OFFICIAL NAME	<i>Republic of Portugal</i>
GOVERNMENT TYPE:	Parliamentary democracy
CAPITAL CITY	Lisbon
AREA:	92,090 km ²
POPULATION:	10,617,575 (2008)
WORKING POPULATION:	5,629,500 (2008)
LAND DIVISIONS:	18 Districts
AUTONOMOUS REGIONS:	Azores and the Madeira islands.
LANGUAGE:	Portuguese (official)
OFFICIAL CURRENCY:	Euro
YEAR OF EU ENTRY:	1986
GDP PER CAPITA	15,374 EUR (2007)
AGRICULTURE:	Grain, potatoes, olives, grapes; sheep, cattle, goats, poultry, beef, dairy products. (Arable land: 26%)
NATURAL RESOURCES:	Fish, forests (cork), tungsten, iron ore, uranium ore, marble, arable land, hydro power.
INDUSTRY:	Textiles and footwear; wood pulp, paper, and cork; metalworking; oil refining; chemicals; fish canning; wine; tourism.

Source: INE – Instituto Nacional de Estatística, 2009

1.1 Location

Portugal is located in south-western Europe, on the Iberian Peninsula and is the westernmost country of mainland Europe, bordered by the Kingdom of Spain to



the north and east and by Atlantic Ocean to the west and south.

Portugal comprises two autonomous Atlantic regions, the Azores and Madeira archipelagos located on the Atlantic Ocean on the north hemisphere. Portugal has a geographical strategic position, being the southernmost country in Europe, it offers a rapid access to the eastern coast of the American continent and to Africa.

1.2 History

Portugal, a country with a rich history of seafaring and discovery, looks out from the Iberian Peninsula onto the Atlantic Ocean. Portugal's history has had a lasting impact on the culture of the country: Moorish and Oriental influences in architecture and the arts are prominent.

Over the past 3 000 years, Portugal has witnessed a constant ebb and flow of civilisations. Phoenician, Greek, Celt, Carthaginian, Roman and Arabic cultures have all left their imprint. In the 15th century, Portugal's intrepid maritime explorers led by Vasco da Gama discovered new territories, leading to the accumulation of an overseas empire. At home, the University of Coimbra, established in 1290, is one of the oldest in Europe.

1.3 Culture

Portuguese Language is spoken for over 210 million people around the world. Portuguese is the fifth most spoken language in the world and the third in the west. It is the official language of Brazil, Angola, Cape Verdean, São Tomé and Príncipe, Guinea-Bissau and Mozambique. It is also one of the official languages of Equatorial Guinea, East Timor and Macao.

Portugal has a rich culture dating back to prehistoric times, seen in the colourful Celtic-influenced folklore of the north, in the Moorish-influenced Fado music, in its romantic language, distinctive architecture (including its dazzling *azulejos* and *calçadas*), painting and distinguished literature, not to mention its welcoming people who have spread its culture around the world ever since the Age of Discovery, and its intriguing History.

Although being a modern and cosmopolitan city, the Portuguese capital – Lisbon – reveals the typical life

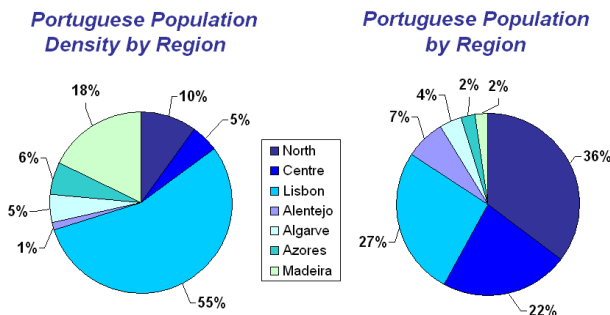
Doing Business in Portugal: Country profile

of the old quarters, with their distinctive medieval architecture and their narrow streets, in which centuries-old houses stand side-by-side with palaces and imposing churches. Lisbon has also been the scene of a number of international cultural festivals. In 1994 it was the European Cultural Capital, while in 1998 it hosted the last World Exposition of the 20th Century – Expo'98, which was dedicated to the theme of “The Oceans: a heritage for the future”.

The new millennium opened with Porto 2001. The city was chosen as the European Cultural Capital, an event that generated a dual process of revival and the modernisation of an ancient cultural tradition. An auspicious opening with long-term consequences that will lead to a more balanced social and cultural development in Portugal.

1.4 Population

Portugal had two significant agglomerations, one on the north of the country at Porto Metropolitan Area and the other at Lisbon Metropolitan Area Region. Together they hold 42% (2007) of the total population.



Source: INE – Instituto Nacional de Estatística
Reference Period: 2007

There is an asymmetric distribution of the Portuguese population, where the north and the Lisbon regions are the most populated.

In analyzing the demographic density of the Portuguese population according to the various regions of the country, Lisbon is the leader. In second place is Madeira with about $\frac{1}{3}$ the population density of the first.

The greatest gap seems to lie in the North Region which, apart from having, in relative terms, the largest resident population, shows a population density about $5^{1/2}$ times lower than that of Lisbon. Then follow the Autonomous Region of the Azores,

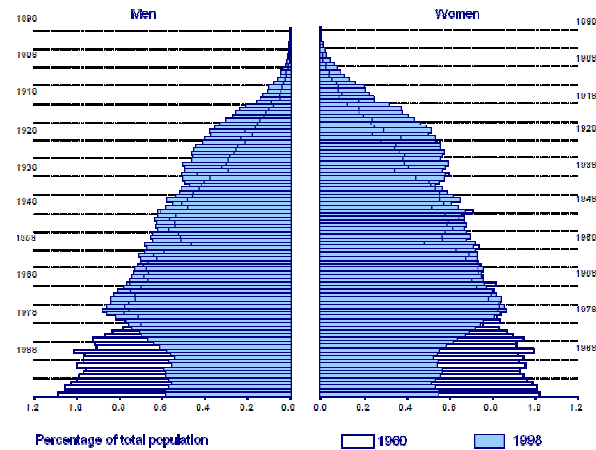
the Centre Region, the Algarve (these two are roughly the same), and finally the Alentejo, with the lowest ratio of inhabitants/km². Measures had been taken to contain the rural exodus, particularly, in the Alentejo and Northern Interior Regions.

Portugal is a fairly homogeneous country linguistically and religiously. Ethnically, the Portuguese people are mainly a combination of pre-Roman Iberian Celtic tribes, Lusitanian's and others, with a fair amount of Roman, Germanic (Visigoths and Suevi) and some minor elements, essentially Arab-Berbers, and Jews.

The Portuguese people are mainly Roman Catholic but the Portuguese Constitution guarantees religious freedom, resulting in the presence of various different religions in Portugal: Christians (Protestants of various denominations and Orthodox), Muslims, Hindus, Buddhists, Jews, etc.

Portugal is a home to a growing number of immigrants. They include Africans, Eastern Europeans (mainly from Ukraine and Croatia), Brazilians, Asians, and other Europeans.

PORTUGUESE AGE PYRAMID



Source: INE – Instituto Nacional de Estatística

The Portuguese demographic development is characterized by three trends: increasing longevity, decreasing birth rates and an increasing percentage of population from foreign extraction.

1.5 Infrastructures

During the past several years Portugal, with the assistance of European Community Funds, improved the transport infrastructures through a strong investment in modern networks of motorways, railways, airports and maritime ports.

The completion of high speed railway (TGV) project will become another alternative for the rapid movement of persons and merchandise.

The Portuguese organization of the Lisbon World's Fair in 1998 and the Euro Cup in 2004 contributed for the development of the roadway infrastructure in Portugal.



Portugal has one of the most developed **Road infrastructures** in Europe (more than 22,000 km), comprised of motorways, main roads, complementary roads, national roads and municipal routes.

The **Rail network** provides the connection across the country (north-south and east-west) with 3.600 km. The construction of the railway line on the 25th of April Bridge (Lisbon) in the 1990s established, for the first time, a continuous railway links the northern and the southern parts of the country.

Portugal is endowed with of 14 **Airports**, three of them are the international airports located at Lisbon, Porto and Faro. TAP Portugal is the flag carrier and most of international airlines serve the country's main airports.

AIRPORTS	NUMBER	LOCATION
Continent	3	Lisbon; Oporto; Faro
A. R. Madeira	2	Funchal; Porto Santo
A.R. Azores	9	Ponta Delgada; Santa Maria; Horta, Corvo; Flores; Graciosa; Pico; São Jorge; Terceira

The geographical position of Portugal, with an extensive coastline, offers excellent conditions to promote and develop maritime connections.

PORTS	NUMBER	LOCATION
Continent	9	<u>North Region:</u> Viana do Castelo; Leixões* <u>Centre:</u> Aveiro; Figueira da Foz <u>Region of Lisbon:</u> Lisbon*; Setúbal <u>Alentejo:</u> Sines <u>Algarve:</u> Faro; Portimão
A. R. Madeira	2	Funchal; Porto Santo
A.R. Azores	5	Ponta Delgada; Horta; São Roque do Pico; Velas; Angra do Heroísmo

* The only mainland ports that offers passenger handling

Portugal has 9 major **Ports** distributed by mainland coast and islands. The harbour infrastructure is primarily geared to the transportation of goods. Because of its deep water, the port of Sines is the principal gateway for goods (principally petroleum derivatives, coal and natural gas) and cargo container. This port uses the most recent technology platforms known as “*Sole Port Window*” from Portuguese (“*Janela Única Portuária*”) that allows the rapid dispatch of ships and goods, linking all the participants involved (public and private) and permitting economic agents to interact with all the necessary authorities and all port services through a single electronic platform.

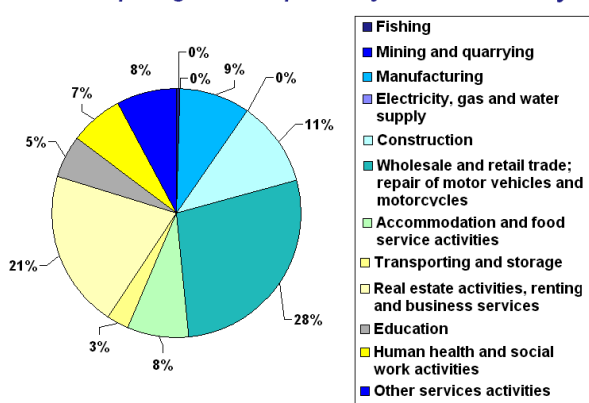
2. ECONOMY

Portugal developed an economy strongly based on services and was one of the founders of European currency (Euro).

Mainly because of the European Union Funds, Portugal invested greatly in infrastructures, having nowadays a large expressways system and so benefit from a good highway accessibility.

Following the trend of its European partners, the weight of the Portuguese services has increased significantly in recent decades.

Number of portuguese companies by economic activity



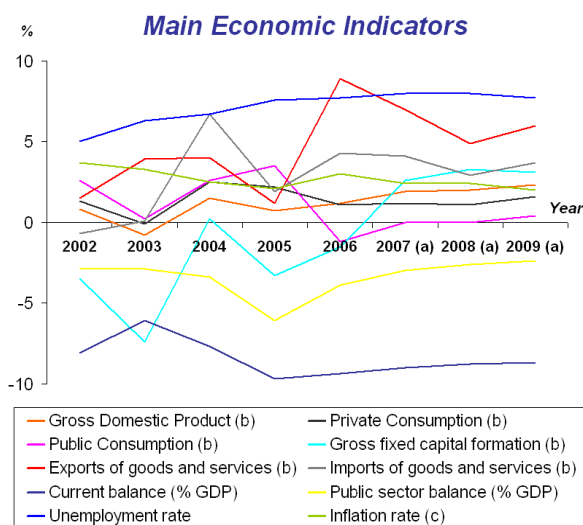
Source: INE – Instituto Nacional de Estatística
Reference Period: 2006

Although Portugal has a predominant agriculture past, now and because of the country's development, the economic structure is based on services and industry, which represent 74,9% and 24,9%, respectively, of the gross value added (source: INE, 2006). The main manufacturing industries are textile, foot-wear and cork. The cork production is very significant, being Portugal the world's biggest producer. Modern manufacturing also had their significant development: oil refinery, petrochemistry, cement production, automobile industry, pulp and paper industry, pharmaceuticals and new technologies. At the same time the traditional manufacturing has changed dramatically moving from high dependent industries to one where new sectors offers dynamic growth and involves a larger incorporation of technology.

Wines, namely Port wine and Madeira wine, as well as olive oil are very appreciated because of their quality.

Tourism is also very important, especially in the mainland Portugal's southernmost region of Algarve and in the Atlantic Madeira archipelago. The Portugal's geographic position, the extensive Portuguese coastline and the Portuguese climate are significant factors driving the growth of the tourism industry.

During the decades of the 1990s, Portugal pursued an economic policy determined by the convergence criteria of the European Economic and Monetary Union (EMU) which resulted in Portugal's admission to the euro area in January 1999.



Notes: (a)Forecasts (b)Change in real terms
(c)Harmonized index of consumer prices

Sources: 2002/06 – INE; Banco de Portugal; and European Commission; 2007/08 – Banco de Portugal; European Commission

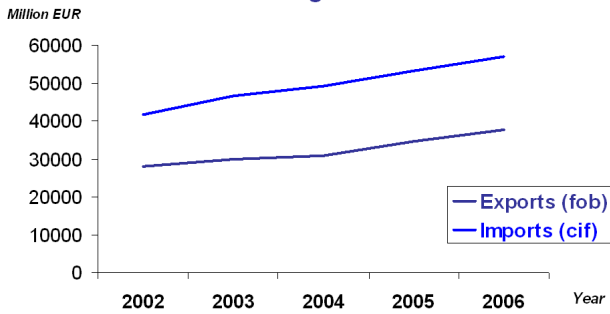
At the end of this period of expansionary monetary policy, there was the obligation to implement a more restrictive policy in order to reduce the public deficit.

A new policy, was started in 2002, where among the measures adopted were an increase in the basic value added tax rate, a reduction in public spending, the closing or restructuring of various public sector institutions, the phasing out of temporary work contracts in the public sector and adoption of reforms primarily affecting the labour market.

2.1 Foreign trade

Portugal's international trade has been and will be the main contributing factors to the country's economic growth, even though the deficit on trade balance.

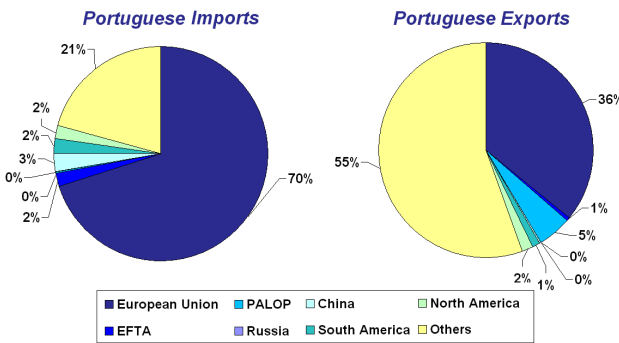
Portugal's Internacional Trade
Trade in goods



Source: GEE – Gabinete de Estratégia e Estudos based on INE and Banco de Portugal (Balance of Payments), 2006

Because of the Portuguese localisation, the major trade partners for exports and imports are the European countries.

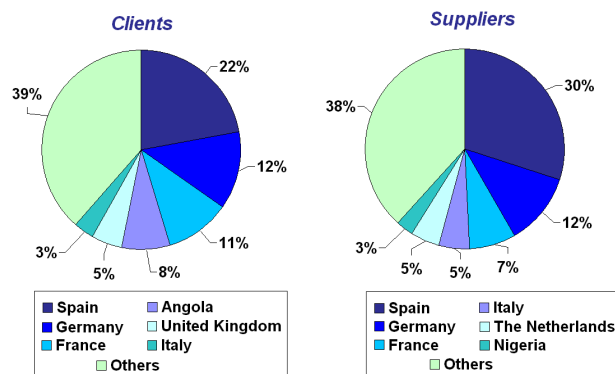
Geographical distribution of Portuguese International Trade



Source: INE – Instituto Nacional de Estatística
Reference Period: October 2008

Portugal's principal clients are Spain, Germany, France and Angola; the most important suppliers are Spain, Germany, France and Italy.

Portugal's main trading partners



Source: INE – Instituto Nacional de Estatística
Reference Period: October 2008

The Portuguese export growth is being driven by new sectors rather than by traditional industries, and this reflects the structural changes stemming from the impact of foreign investment and the

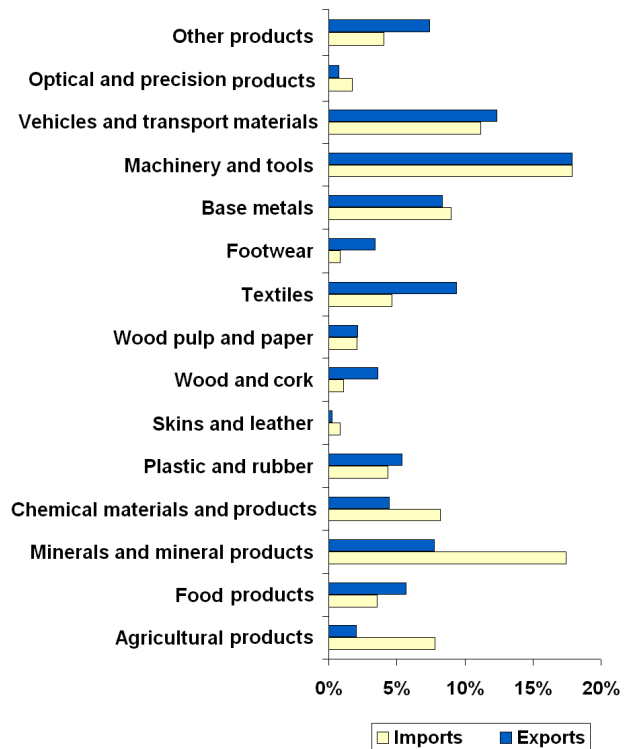
strength of those sectors that incorporate the most technology and value added, and all this translates into a better position to offset possible vulnerabilities from foreign markets.

Textiles, clothing and footwear (representing 13.07% of sales abroad in 2008) are the traditional Portuguese exports.

Machinery and mechanical and electrical appliances (17.87% of total exports in 2008) constitute another significant group in foreign sales and they include modern companies with certified products and high technology and are growing in importance, including among the most important, moulds for the plastic industry and iron working machinery, as well as electric lines and cables, transformers and electronic equipments.

The wood, cork, paper and wood pulp industries together provided 5.72% of the total exports in 2008. Portugal is global leader in the cork market, with a quota that is over 60% (source: APCOR – Associação Portuguesa de Cortiça) of total world exports of the product.

Imports and exports by type of goods



Source: INE – Instituto Nacional de Estatística
Reference Period: 2008

Vehicles and other transport materials represented 12.36% of all goods exported in 2008, reflecting

Doing Business in Portugal: Country profile

industry trends and the impact of foreign investment which also have a cascading effect on subsidiary subsectors (components and accessories for motor vehicles). Common metals comprised 8.33% of Portuguese exports.

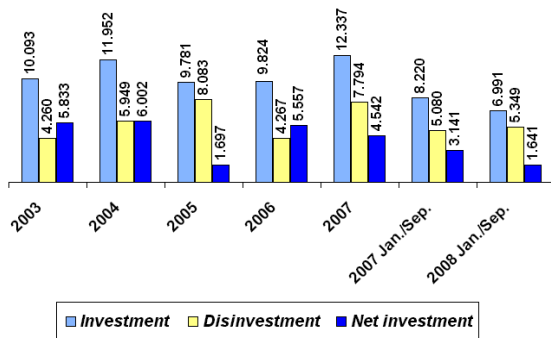
As far as imports are concerned, Portugal is very dependent for the exterior, for example on energetic resources where the energy dependence on exterior is about 99.4% (source: Eurostat, 2005), minerals and minerals products (17.72% in 2008), agricultural products (7.81% in 2008).

2.2 Portuguese Foreign Direct Investment

In the last two decades there was considerable internationalization of a large number of Portuguese companies which had a great deal of success in large foreign presence in external markets, catapulted Portugal to a noteworthy position among capital exporting countries.

This process of internationalization can be characterized as a sustained effort (particularly since Portugal's accession to the EU) marked by the widening number of participants (large and medium-sized companies) and by the progressive diversification of markets so that Portuguese firms are present in nearly every part of the World.

Portuguese foreign direct investment

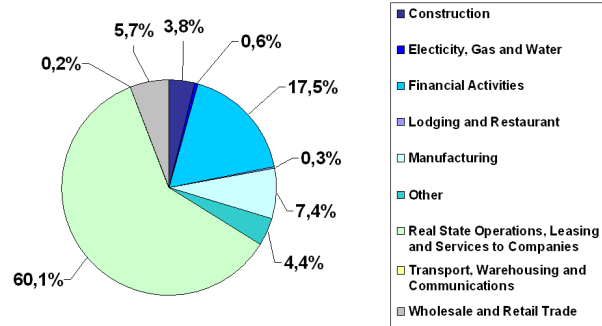


Source: Banco de Portugal: Boletim Estatístico-Novembro 2008

Small and medium-sized industries acquire a leading role, following a first phase when large companies dominated the process, so that a broad representation of Portugal's business now have become foreign investment players. This success also included a greater diversification of investments into "new" and more distant markets, even though they might have been more difficult to enter.

The breakdown by major sectors of economy activity shows that real state activities, leasing and services to companies, financial activities, manufacturing, and trade were the preferred choices for Portuguese investors abroad.

Portuguese foreign direct investment by major sectors

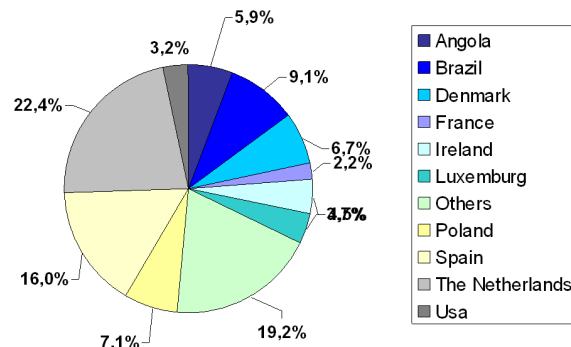


Source: Banco de Portugal: Boletim Estatístico-Novembro 2008

Some of the examples of recently concluded projects include the investments and the discoveries in the energy market; production of clinker and cement; in the tourism sector mostly in Africa and Latin America. There are also noteworthy successful investments in foreign projects by small and medium-sized Portuguese companies in footwear; paints; home textiles; food industry; Clothing; paper for household use; and in non-traditional industries with high technology (developing software for critical information systems).

Analysing the Portuguese foreign direct investment by major recipients we note that the two primary recipients of Portuguese investment abroad were European partners, namely the Netherlands and Spain. Brazil was the third destination, but accounted for only 9.1% of the total.

Portuguese foreign direct investment by major recipients



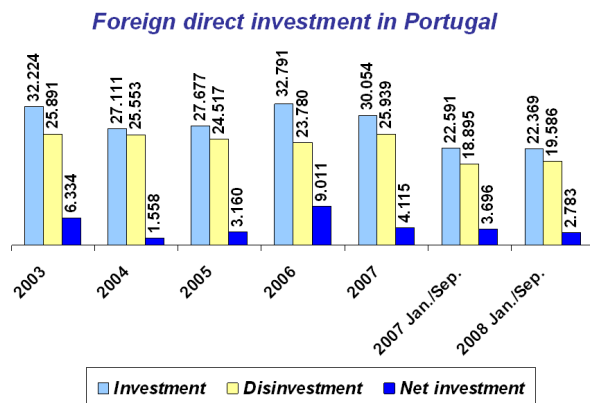
Source: Banco de Portugal: Boletim Estatístico-Novembro 2008

In the past few years there has been a much greater effort to diversify Portuguese investment

abroad. In fact, apart from Brazil, there were more investments in Central and Eastern Europe, especially in Poland, a move which reflected the intention and ability of Portuguese investors to better position themselves internationally. The investments in Portuguese-speaking African countries also rose, particularly in Angola.

2.3 Foreign Direct Investment in Portugal

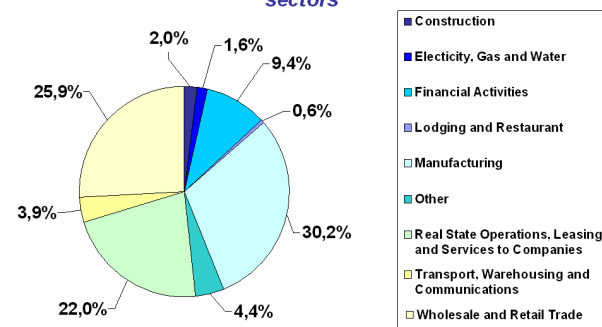
Gross direct investment (GDI) in Portugal saw a significant increase during the last five years.



Source: Banco de Portugal: Boletim Estatístico de Novembro de 2008

In the last few years, the most attractive sectors for foreign investors were the following: automotive, biotechnology, electric and electronics, moulds, chemicals, information and communication technology (ICT), and the tourism sector.

Foreign direct investment in Portugal by major sectors

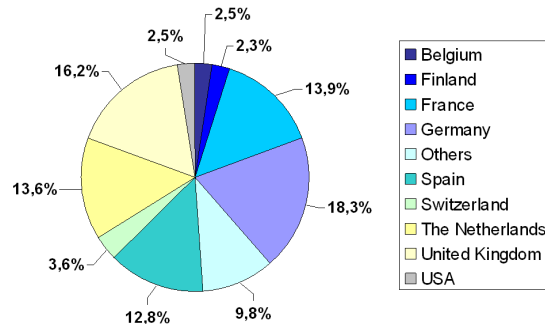


Source: Banco de Portugal: Boletim Estatístico de Novembro de 2008

As concerns the most recent projects undertaken by foreign investors, among the ones that had a profound impact on the Portuguese economy in a structural sense are companies in the automotive sector; technological innovation; fuel production and distribution; petrochemical; aquaculture; production of furniture modules and information technologies.

The breakdown of FDI by sectors shows that the manufacturing industry is the most important economic activity, followed by trade, real state operations, leasing and services to companies, and, much further down, by financial activities.

Foreign direct investment in Portugal by country of origin



Source: Banco de Portugal: Boletim Estatístico de Novembro de 2008

The European Union accounts for most foreign capital inflows. According with the graphic information the main investors were Belgium, Finland, France, Germany, Spain, Switzerland, the Netherlands and the United Kingdom, with Germany being the number one investor.

The foreign companies choice in investing in Portugal was due to several factors, among the most important were: availability of qualified workers with widespread knowledge of foreign languages in all the key cities of Portugal; highly skilled labour force in the areas of finance and information technologies; reasonable labour costs; cosmopolitan culture and leisure time activities; and a favourable climate (springtime weather all year round).

2.4. Doing business responsibly

Contributing to sustainable development can be seen as an investment with long-term benefits for business. Meeting environmental rules also helps create new markets for environmentally friendly products and stimulates research and innovation.

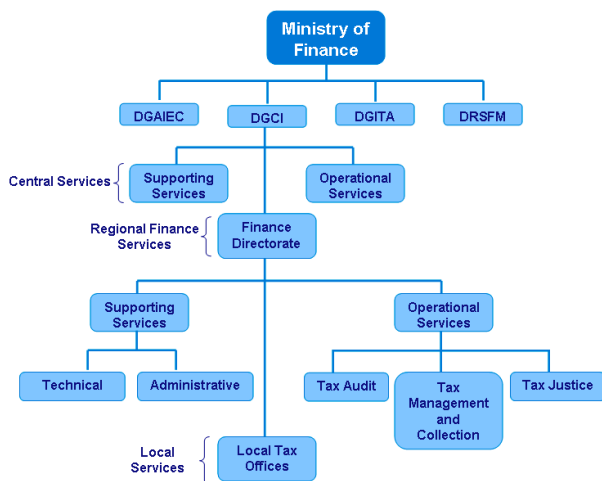
Portuguese companies build up the commitment to integrate environmental issues in the companies' business strategy, aiming to reduce the pollution and the increase of resource productivity through waste minimization and energy efficiency.

3. PORTUGUESE TAX SYSTEM

The Administration is part of and supervised by the **Ministry of Finance** (Ministério das Finanças).

The Portuguese Tax Administration consists of the following divisions:

DGCI – *Directorate General for Taxation* (Direcção Geral dos Impostos); DGAIEC – *Directorate General for Customs and Excise Taxes* (Direcção Geral das Alfândegas e dos Impostos Especiais sobre o Consumo); DGITA – *Directorate General for Computer Information Systems and Assistance to Tax and Customs Services* (Direcção Geral de Informática e Apoio aos Serviços Tributários e Aduaneiros); DRSFM – *Regional Directorate for Madeira Tax Services* (Direcção Regional dos Serviços Fiscais da Madeira). This Directorate is under the Regional Secretary for the Plan and Finance of Madeira Autonomous Region, since February 2005. Its creation resulted from the transfer of the tax attributions and competence of the former Finance Directorate of Madeira Autonomous Region to the Madeira Autonomous Region.



The Portuguese Tax System

Portugal has both direct and indirect taxes. **Direct taxes** are levied on natural and legal persons in the following forms:

- **Income Tax** (Imposto sobre o Rendimento das Pessoas Singulares – IRS);
- **Company Income Tax** (Imposto sobre o Rendimento das Pessoas Colectivas – IRC);
- **Social Security Contributions** (Segurança Social – SS). The levying, collection and verification of

social security contributions are, however, not part of the remit of the tax administration. These tasks are assigned to a special executive department.

Indirect taxes are levied in the following forms:

- **Value Added Tax – VAT** (Imposto sobre o Valor Acrescentado – IVA);
- **Municipal Tax on Charged Transmissions of Immovable Property** (Imposto Municipal sobre as Transmissões onerosas de imóveis – IMT);
- **Municipal Tax on Immovable Property** (Imposto Municipal sobre Imóveis – IMI);
- **Stamp Duty** (Imposto do Selo);
- **Municipal Tax on Vehicles** (Imposto Municipal sobre Veículos – IMV);
- **Vehicle Excise Duty** (Imposto de Circulação e Camionagem – ICC)

Nowadays, the payment of any one of these types of contributions may be made in person at the local tax office, or through the Internet, via electronic declaration. DGCI allows the submitting and consultation of IRS, IRC, VAT, Assets, Annual Declaration, Accessory Obligations and information regarding non-resident taxpayers.

The use of these online services requires that a personal access code be requested. This access code is requested by Internet and is sent by the post office to the address of the taxpayer - individual or company. With the access code and the tax ID number, it is possible to access all the available online services.

3.1 Value Added Tax – VAT

The base for the **Value Added Tax** (VAT) is laid down in the **VAT Code** (Código do Imposto sobre o Valor Acrescentado).

- Introduced by **Decree-law 394-B/84** of 26th December.

The VAT in Portugal is based in the **6th Directive of the EC**, which conducted to the standardization of the taxable amount to be applied by all member States of the EC.

The VAT aims to tax the consumption of goods and services, falling on all phases of the economic

circuit, from the production to the retail, being, however, the taxable amount limited to the added value in each phase.

VAT RATE	PORTUGAL	AZORES AND MADEIRA
<i>Reduced</i>	5%	4%
<i>Intermediate</i>	12%	8%
<i>General</i>	20%	14%

3.2 Income Tax – IRS

The basis for income tax is laid down in the Code on the levying of income tax on private individuals, the **Income Tax Code** (Código do Imposto sobre o Rendimento das Pessoas Singulares – IRS Code).

- Introduced by **Decree Law 442-A/88** of 30th November and altered by **Law 30-G/2000** of 29th December.

Every person, being a resident of Portugal, who obtains income (domestic taxpayer) and every person whose income is considered obtained in Portugal (foreign taxpayer) is liable to pay Portuguese income tax.

Resident individuals are liable to IRS on their whole income.

The **Income Tax Code distinguishes 6 categories of taxable income**, namely:

- Category A:** Employment income
- Category B:** Business income
- Category E:** Investment income
- Category F:** Income from Immovable Property
- Category G:** Capital gains
- Category H:** Pensions

3.3 Company Income Tax – IRC

The statutory basis for company income tax is provided by **Company Income Tax Code** (Código do Imposto sobre Pessoas Colectivas – IRC Code).

- Decree Law 198/2001** of 03rd July; **Law 30-G/2000** of 29th December; **Law 109-B/2001** of 21st February

Taxpayers liable to pay company income tax are:

- Legal persons with their head office/operations management or a permanent establishment in Portuguese territory;
- Non-legal persons with their head office/operations management in Portuguese territory, such as associations, joint ventures, partnerships;
- Companies (legal or non-legal) without head office/operations management or a permanent establishment in Portuguese territory but obtain income in Portugal which aren't taxable in IRS.

GENERAL IRC RATES	%
<i>Income of residents and non-residents with a fixed establishment in Portugal, whose main business is commercial, industrial or agricultural;</i>	25%
<i>The overall income of residents whose main business is not commercial, industrial or agricultural;</i>	20%
<i>Income of residents and non-residents with a fixed establishment in Portugal, whose main business is a commercial, industrial or agricultural activity included within the Simplified Provisions for the Calculation of Taxable Profit;</i>	20%
<i>Income of non-residents without a fixed establishment in Portugal, which is imputable thereto;</i>	25%

There are some **entities exempt of company income tax**:

- The State, autonomous regions, municipalities and municipal institutions as long as they don't perform activities on a commercial basis;
- Social security institutions;
- Specific companies publicized in the official journal (Diário da República) such as: companies of public administrative utility; private social security institutes; and companies of public interest which pursue, exclusively or mainly, objectives of scientific, cultural or

charity nature, or which provide social care or perform voluntary work.

The IRC Code stipulates that gains and expenses should be recognized in the year they report to. Gains and costs related with previous years can only be imputed to another year if by the time of closing accounts in the previous years those gains and costs were unpredictable or clearly unknown.

3.4 Stamp Duty

Stamp duty is one of the oldest taxes in Portugal. Stamp duty is a tax on a wide range of economic acts operations.

- **Law 150/99** of 11th September
- **Decree-law 287/2003** of 12th November

This tax is levied in relation to a series of legal acts, such as tenancy agreements and leases, acts with regard to succession and gifts, cheques, deposits, prospecting for geological resources on state-owned land, gaming, loans, interest, and coastal affreightment contracts inter alia.

All legal acts, which are subject to VAT, aren't simultaneously subject to Stamp Duty.

The charge to tax levied on the entities, which have an economic interest in the act. If there is more than one interested party, the charge to tax is allocated between them. In some situations, which may give rise to doubt, the law establishes an objective presumption as to the identity of the interested party. The rates vary widely and range from 0.05% to 10% of the value of act. In some cases the amount of stamp duty is fixed in Euros and varies between 1€ and 250€. In the event of accumulation of rates only the highest is applied.

3.5 Real State Tax

Real estate is subject to 2 different municipal taxes: the **Municipal Tax on Charged Transmissions of Immovable Property** (IMT) and the **Municipal Tax on Immovable Property** (IMI).

3.5.1 IMT – Property Transfer Tax

The basis for the tax on charged transmissions on immovable property is laid down in a specific code – **IMT Code**.

- Introduced by Annexe II of **Decree-law 287/2003** of 12th December

IMT is levied on charged transmissions on immovable property. The tax is payable by the person to whom the property is transferred to.

There are however rules regarding other situations, which include: in cases of the exchange of assets – IMT is paid by the party, who receives the assets of the greatest value; In case of the division of assets – IMT is paid by the party, which receives assets, the value of which exceeds the said party's share of the said immovable assents.

The payment of the IMT precedes the charged transmissions of immovable property.

3.5.2 IMI – Property Transfer Tax

The basis for the tax on immovable property is laid down in a specific code – **IMI Code**.

- Introduced by Annexe II of **Decree-law 287/2003** of 12th December

IMI is a municipal tax, the proceeds of which revert to the corresponding local authorities, it replaced the former "Contribuição Autárquica" and came into force on 1st December 2003.

IMI falls upon immovable property located within each municipality. The tax is payable by the proprietor, usufructuary or heritable building rights owner of the property on 31st of December of the year in question. In cases of undistributed estates, IMI is owed by the undivided estate represented by the Head of Family.

According to the law, property includes all parts of territory, including waters, plantations, buildings and constructions of any nature, which are incorporated therein or stand thereon on permanent basis, provided that they are comprised in the estate of a private or juristic person and, in normal circumstances, has economic value. For the purposes of IMI, each autonomous fraction in cases of horizontal property is treated as comprising a property.

4. PORTUGUESE LABOUR LAW

Portugal is a modern country, with an attractive work market with peaceful labour relations, presenting a set of competitive advantages for foreign investors.

Portuguese labour law has its origins in the interminable authoritarian period the country underwent, when regulation of the main labour market institutions was developed and consolidated. This experience shaped employment legislation in its entirety so that a far-reaching reform process was needed with the advent of a democratic regime.

Portuguese labour law has been undergoing processes of change and adjustments for many years. After over than 30 years of legislative reform, Portuguese labour law is currently highly flexible.

- In terms of regulation, the main Act is the **Labour Code** (Código do Trabalho) – **Law 7/2009** of 12th February – approving the revision of the Labour Code. (<http://dre.pt/pdf1sdip/2009/02/03000/0092601029.pdf>)

The following Institutions are relevant for the consultation of the Portuguese Labour Law terms:

- Ministry of Labour (Ministério do Trabalho e da Segurança Social): <http://www.mtss.gov.pt>
- Professional Job and Training Institute – IEFP: <http://www.iefp.pt>
- Authority for working conditions – ACT: <http://www.act.gov.pt>
- General union of workers – UGT: <http://www.ugt.pt>
- General confederation of Portuguese workers – CGTP: <http://www.cgtp.pt>
- Committee for Social Dialogue (Conselho Concertação Social): <http://www.ces.pt>
- Social Security: <http://www1.seg-social.pt/ingles/>

However, there are several other regulations which, combined with the Act previously mentioned, discipline labour activities. Among them, we must highlight the **collective labour contracts** which are agreements celebrated between trade unions and

employers associations aimed at regulating the activity of the sectors. These contain precise and detailed agreements so as to consider almost every possible situation. The agreements are mandatory, thus, overruling the parties' stipulations.

Some of the values are rights enshrined by the Portuguese Constitution (http://www.portugal.gov.pt/Portal/EN/Portugal/Sistema_Politico/Constituicao/) and labour acts include: worker protection for example, in case of disease, of work accidents; non-discrimination on grounds of race and gender; equality of opportunities; maternity protection; the right to professional training; workers participation in company's management albeit in a very limited way.

As a rule, the individual employments contracts are synthetic, since the rest of the contract stipulations are provided and defined in the Act. On other hand, the contractual omissions are overcome (or fulfilled) by the above mentioned collective labour regulations.

The minimum age required to celebrate a contract of employment is 16 years old and the retirement is compulsory at the age of 70.

4.1 Types of contracts

Notwithstanding the set of contracts defined in Labour Code, there are two main commonly used types of contracts: **temporary** and **not temporary**.

Temporary contracts (or Time Contract) are divided in *defined term contracts* and *undefined term contracts*, both established to last a certain period of time. The Act imposes some restrictions. In the case of *defined term contracts*, they are limited to three renewals and its duration may not exceed: 18 months in the case of a person looking for first job; Two years in other cases provided for in number 4th of Article 140^o; Three years in other cases. The *undefined term contracts* can not be over six years.

In this kind of agreement, the contract expires when the agreed stated period comes to an end. If the contract exceeds the limits above mentioned, the contract turns automatically into permanent.

In the case of **Contracts without term** (Not temporary) they are permanent, which means, it

does not have any time limitations. It only expires at will of the parties, or in the cases set force by the Act.

The **Law 7/2009 of 12th February** introduced the "Trabalho Intermitente" (Intermittent Work). In case of non continuous activity, both parties can establish a special way of performing the work. The minimum period is of 6 months work in a full year of which 4 months must be consecutive. During the period of inactivity, the employee is entitled to earn remuneration of a minimum of 20% of the basic salary.

4.2 Trial period

The Trial Period length can vary, since it depends on the type of contract, in case of contract without term it can range from 90 to 180 days depending on the complexity of the job position, and for the management and board positions it can go up to 240 days. For time contracts, the trial period is 15 days if their length is less than six months. If it is more, the trial period is 30 days. It is mandatory condition that the term is clearly determined in writing, otherwise it is not valid.

4.3 Working hours

There are no official working hours. The general rule imposed by the Act is the impossibility to work more than eight hours per day and a maximum of 40 hours weekly.

The Law 7/2009 of 12th February introduced a new concept to the Portuguese employment Code named "Banco de Horas" (Hours of Bank). The main implication of this mechanism is that by collective agreement (only) the number of hours can be increased from 4 per day, 60 per week but with a limit of 200 days per year.

The collective agreement must make specific reference to a number of different aspects that includes amongst others, the type of compensation to be awarded to the employee and when the employee can make use of the hours in his favour, and details that will be negotiated. Though the law makes no reference, in practice it is possible for the inverse situation to occur, namely the employer being the creditor and the employee debtor of hours.

4.4 Holidays

After a year of labour in the company, employees acquire the right to 22 workdays of holiday. This right is acquired by the employee immediately upon the signature of the contract. However the right to take the annual leave is only effective as from the 1st of January of each civil year. During the employees' first year of employment they have the right to 2 days of paid holiday for each month of employment (which an employee can only take after 6 months of consecutive work), up to a maximum of 20 days. If this leave cannot be taken by the employee up to the end of the first year it can be taken in the following year, however, the accumulation cannot lead to a period of holidays larger than 30 days on such following year.

The Labour Code stipulates the possibility to increase the normal period of 22 days of paid holiday up to 25 days in case the employee has no absences from work or has only up to 3 justified absences.

In the Portuguese Labour Code, the right of holidays can not be waived, which means that even with the consent of employee it's not possible to transform those days into monetary compensation.

4.5 Social Security Contributions

The Social Security contribution is compulsory for all who work for someone else and falls up on the total income amount obtained by any means, except on some payments not collectable, such as lunch allowance. In general the employer contribution is 23.75% and the employee 11% of gross monthly salary.

The expatriates, who discount for mandatory regimes in their country of origin, can keep doing it during a period of up two years working period in Portugal. (<http://www1.seg-social.pt/ingles/>).

4.6 Residence and permanent entry visa

The permanent authorization for residence is conceded when an employee has a labour contract, rent contract or a permanent residence evidence document and is registered in the Security Services.

The request is processed at the SEF (Serviço de Estrangeiros e Fronteiras) Branch (<http://www.sef.pt/portal/V10/EN.aspx/page.aspx>).

5. STARTING IN BUSINESS

There are some **legal requirements** to attend to; **setting up a new company** presupposes a series of steps. The legal aspects behind drawing up any partnership contract are included in the **Companies Act** (<http://www.dgpj.mj.pt/sections/leis-da-justica/livro-v-leis-sobre/contra-ordenacoes/regimes-gerais-especiais/codigo-das-sociedades>) – Article 9 (legal companies' forms).

The choice of one legal statute determines the functioning model of the company, it may be: sole proprietorship or partnership. In both cases, a company may assume various legal forms. The actual setting up of a business itself assumes the fulfillment of a series of steps in various **administrative** entities – 10 steps to set up a Company (<http://www.iapmei.pt/iapmei-art-02.php?id=79&temaid=5>). Today however, the process is greatly simplified with many different possibilities for setting up a business. The **Portal da Empresa** (Business Gateway) allows for the use of new measures: **Firm on the Spot** and **On-line Company** but it also continues offering the **Traditional Method** (<http://www.portaldaempresa.pt/cve/en/cfe/default>).

As concerns the structure of the setting up a business, the choice depends on the investor's objectives and also on the degree of autonomy that the investor desires in relation to its headquarters in its home country. More detailed information on this matter, especially regarding the various judicial forms relating to companies, can be found at the Portal da Empresa where information is available and there are services to assist investors in facilitating the process of setting up, changing or terminating a company and related actions.

In Portugal, in order to bring up to date the Portuguese legal frame work to the very latest requirements of the European Union and OCDE, a **Single Contractual Procedures** (Regime Contractual Único) was adopted that is governed by **Decree Law no. 203/2003** of 10th September (free access at the website address: <http://dre.pt/pdfgratis/2003/09/209A00.pdf>). This move revoked the requirement to register a company *a posteriori*, or after setting up an investment in Portugal, and thus ending the differential treatment of foreign versus national investors. A foreign

promoter can also see his investment in Portugal, and thus ending the differential treatment of foreign versus national investors. A foreign promoter can also see his investment projects recognized as **PIN Projects – Projects of Potential National Interest** (Projectos de Potencial Interesse Nacional) or PIN+ (with strategic importance), if the business concerns is established through an intermediary of a branch in Portugal and complies with the requirements foreseen by the following legislation:

- **PIN**: Resolution of the Council of Ministers no. 95/2005, of 24th May and Regulatory Decree no. 8/2005, of 17th August.
- **PIN***: Decree-Law no. 185/2007, of 17th August.

Those who are interested can obtain further information by accessing the following links that can be found on the site of AICEP Portugal Global (<http://www.investinportugal.pt/>). The entity AICEP Portugal Global is the relevant government agency offering guidance to accompany major investment projects (sole interlocutor) including assistance in reception, analysis, negotiation, and contract process; while small and medium-sized companies are handled by IAPMEI – Instituto de Apoio às Pequenas e Médias Empresas e à Inovação, or Portuguese Institute for SME and Innovation, which deals with investments under 25 million Euros, except for those in the Tourism sector.

Those who may be interested in regulations relating to incentives offered by the Portuguese Government under the aegis of the 2007-2017 National Strategic Reference Framework (QREN – Quadro de Referência Estratégico Nacional), which covers economic, social and territorial development policies in Portugal made possible through the structural and cohesion funds of the European's Union cohesion policy, may consult the following website: <http://www.qren.pt/>.

5.1 Your business support

The support and advisory structures for entrepreneurs in Portugal have distinct areas of action. The **Portuguese Institute for SME and Innovation (IAPMEI)** grants support to all 'life phases' of these businesses, the **Instituto António Sérgio para o Sector Cooperativo (INSCOOP)** is directed at entities of the third sector, while the **Business Development Agency (AICEP)** supports

internationalisation measures. At the same time, the **Professional Job and Training Institute (IEFP)** and the **Portuguese Innovation Agency (AdI)** are the most important entities in their respective areas.

The most important **support service** for the small entrepreneur should be **IAPMEI's Corporate Assistance service**, which in addition to technical support, allows for the instant analysis of the competences or competitiveness diagnostic. IAPMEI also operates a **Contact Point for Businesses** on the **rules of the Single Market**. From where entrepreneurs can receive European information on the regulations, standards and directives related to their areas of activity. If one given company starts to have **financial difficulties**, the first step should be the **IAPMEI - Revitalisation Office**. This service is directed at the preparation, revitalisation and restructuring of financial processes, and operates within the scope of the **Integrated Intervention Office for Business Restructuring (AGIIRE)**, also part of the IAPMEI institute.

To establish **cooperatives**, the **Instituto António Sérgio para o Sector Cooperativo** offers a service of legal and technical support.

In the area of internationalisation, the Business Development Agency (AICEP) may also provide a set of useful pointers, specifically in the search for international partners and business opportunities. With the **Foreign Clients programme**, interested companies can fill out a form and start receiving regular information on their counterpart foreign companies.

In the area of innovation, **IAPMEI** and **COTEC Portugal – Associação Empresarial para a Inovação** – have developed the **Innovation Scoring programme**, that includes a technical advice service, partnership search, and inventory and selection of financing programmes.

5.2 TAX Incentives

The **Portuguese Tax System provides for Tax Incentives**, which cover a series of activities, which range from economic activities to philanthropic and cultural activities. Although an attempt has been made to include these incentives in a single item of legislation, i.e. the **Tax Incentives Statute (EBF)** –

there are other tax incentives granted by other legislative measures.

- Introduced by **Decree Law 215/89** of 1st July, altered by **Decree Law 198/2001** of 3rd July; **Law 67-A/2007** of 31st December; **Decree Law 13/2008** of 18th January; **Decree Law 108/2008** of 26th June.

Tax incentives are exceptional measures introduced to promote relevant non-fiscal public interests, which are greater than that of the taxation they prevent. These incentives are accordingly exceptional and, in the case of automatic incentives, they only apply to the provisions stated by the law, and only that. Tax incentives comprise tax exemptions, tax rate reductions, amounts or items deductible from taxable income or from tax due, accelerated amortizations and reintegration and other tax measures introduced to promote relevant extra-fiscal interests.

Tax incentives may be granted by administrative act or by agreements between Authorities and the interested parties. In both cases, tax incentives have merely declaratory effect, unless the law provides otherwise.

Tax incentives and investment in manufacturing (Contractual tax incentives):

- **Foreign Direct Investment:** Terms and conditions established by **Decree Law 409/99** of 15th October and in accordance with art. 39 of EBF
- **Portuguese Direct Investment Abroad:** Procedures established in **Decree Law 401/99** of 14th October and principles established in art. 39 of EBF

Other tax incentives: *Free zone tax benefits; Employers' Social Security Contributions; R&D incentives; Regional incentives; Job creation incentives; Tax incentives related to mergers or co-operation agreements between enterprises; Tax incentives for land and building located in Enterprises Location Areas (ELE); Tax incentives for property developments with tourist utility status.*

Terms, principles and conditions established in **EBF** (15th, 33rd, 43rd and 65th); **Decree Law 292/97** of 22nd October; **Decree Law 197/2001** of 29th June; **Law 3-B/2000** of 4th April; **Law 40/2005** of 3rd August; **Decree Law 215/89** of 1st July; **Decree Law 171/99**; **Law 32-B/2002** of 30th December.

6. LEGAL REQUIREMENTS FOR MARKET ACCESS

Portugal's trade relations, and those of the other Member States of the EU, unfold at two levels: those that take place within the EU and thus are intra-community exchanges, and those that occur with third countries and are ruled by the **EU's Common Trade Policy**.

6.1 Intra-EU exchange procedures

Goods that originate within the European Union (EU) or are in free circulation in community territory (<http://europa.eu/scadplus/leg/en/s07000.htm>), are exempt from customs control, without prejudice, however, from any taxation regarding quality and technical characteristics.

In this manner, community economic operators can buy and sell freely, at any point within community space, without having to comply with any formalities at the time when goods pass across an international border. The absence of customs controls doesn't imply, however, the elimination of rules relating to transport, insurance, quality, and product technical specifications. Such rules exist, and in general, are already imposed through existing harmonized community legislation with the purpose of protecting the health and safety of consumers.

The circulation of merchandise within the EU must be accompanied by all documentation usually required by the national authorities and these include: transport documents; commercial invoice; and certificates of compliance as to quality, sanitary and phytosanitary measures. The inspection can occur at any time and place, from the point that the goods were shipped up to the point of final consumption. In addition, there are a complex of intra-community transactions (threshold values defined by INE – available at <http://www.ine.pt>) that require companies to declare the respective value or amounts of goods (**Intrastat Declaration**).

6.2 General import procedures

The Customs Union implies that besides the existence of a common customs union territory, the adoption of common legislation – **Community Customs Code** (<http://europa.eu/scadplus/leg/en/lvb/l11010.htm>) – and the application of common custom duties to

products coming from third countries – the **Common External Tariff** (CET), based on Harmonised System Of Designation and Codification of Merchandise, with most important duties being “Ad valorem”, calculated on the CIF value of merchandise. However, Community grants customs advantages to goods originating from developing countries (those that are beneficiaries of the System of Generalized Preferences (http://ec.europa.eu/trade/issues/global/gsp/index_en.htm), or to countries with which the EU has preferential agreements which result in the application of more favourable customs duties (or even exemption) compared with those adopted by the WTO, with the exception of products deemed sensitive in terms of community interests.

If the importer intends to benefit from these procedures he is obliged to present proof regarding the origin of the goods in question. In the case of imports originating from countries benefiting from SGP procedures, he needs the “**Certificate of Origin FORM A**”, for imports from other countries, the “**Trade Certificate of Circulation EUR 1**”.

The aforementioned certificates can be obtained from the Directorate General of Customs and Special Consumption Taxes (<http://www.dgaiec.min-financas.pt/pt>), the relevant agency that gives information relating to the classification of products, from duties that apply to merchandise imports regardless of origin, to information relating to existing custom procedures. Besides customs duties, imported products are subject to payment of the value added tax (**VAT**).

There exists a Free Trade Zone in Madeira, legally intended as a territorial enclave in which the existing merchandise is, as a rule, considered foreign to customs territory for the purpose of applying customs duties, quantitative restrictions or measures with similar intent. Since they are duly authorized, all kinds of activities of an industrial, commercial or financial nature can take place in the duty-free zone, although the first two are confined to a circumscribed area (since physical movement of merchandise is involved), a situation that does not apply in so far as the so-called “offshore” services are concerned which can function at any location within the archipelago's territory, including the city of Funchal. The companies that operate in the **Duty Free Zone of Madeira** have access to a significant

Doing Business in Portugal: Country profile

array of benefits of a customs, fiscal, financial, and economic nature.

Merchandise originating from the community or from third countries and brought into any Member State, must comply with technical demands established by community legislation and must be accompanied by all required documentation demanded for its commercialization, namely certificates relating to conformity, quality, sanitary, veterinary, and phytosanitary regulations.

For the purposes of protecting consumer health and safety, the Community has attempt to harmonize rules (<http://europa.eu/scadplus/leg/en/s16600.htm>) relating to labelling, presentation and advertising of various products, such as food, toys, etc., to minimize obstacles to the free circulation of goods within community territory.

In Portugal the Food and Economic Security Authority (ASAE – Autoridade de Segurança Alimentar e Económica) (<http://www.asae.pt/>) is the national administrative authority specialized in securing food safety and for conducting inspections. In this manner, it is responsible for detecting and communicating any risks in the food chain as well as exercising oversight of economic activity in the food and non-food sector, through the inspection and protection of compliance with applicable regulatory legislation.

6.3 Foreign investment procedures

The European Union Treaty establishes the free movement of capital, and provides for a general framework governing foreign investment applicable in community territory, defines the limits resulting from the principle of subsidiary, that is, without prejudice to the governing legislation of any Member State.

Within the scope of the free movement of capital, all restrictions on capital movements – investments – are prohibited, as are all restrictions on payments (whether it is a payment for merchandise or for a service).

Member States can, however, take justified measures for the purpose of preventing infractions to their own legislation, namely in fiscal matters and in the supervision of their own final institutions. The community countries can also adopt procedures for

declaring capital movements for administrative, informational or statistical purposes, and they can take other measures that may be justified by reasons of public order or public safety. However, all these measures and procedures must not constitute an arbitrary means to discriminate, nor be intended as simulated restrictions to the free movement of capital and payment flows.

The foreign investor is granted the same treatment accorded to national investors, and since there exists no restrictions affecting the private sector, companies can be completely controlled by foreign capital.

6.4 Doing business outside the European Union

The EU has developed several programmes to strengthen the presence of EU companies in different regions of the world by developing business cooperation.

- **Gateway to Japan and Korea:** developing business cooperation programme between EU and Japanese and Korean companies. (<http://www.eu-gateway.eu/go.php?nID=22&page=Home>)

- **Executive Training Program** (Japan and Korea): a professional development programme for EU executives. (<http://www.etp.org/>)

- **Central Asia Invest:** a regional programme to promote the sustainable economic development of Central Asian Countries (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan) by encouraging the development of Small and Medium Enterprises (SMEs).

(http://ec.europa.eu/europeaid/where/asia/regional-cooperation/trade-business/ca_invest_en.htm)

- **PROINVEST** (Africa, Caribbean and Pacific): an EU-ACP programme for the promotion of investment and technology transfers in ACP countries. (<http://www.proinvest-eu.org/page.asp?id=378&langue=EN>)

- **AL-Invest** (Latin America): an economic co-operation programme to support the internationalisation of SMEs in Latin America. (http://ec.europa.eu/europeaid/where/latin-america/regional-cooperation/al-invest/index_en.htm)

7. SOURCES AND USEFUL LINKS

- **APCER – Certification’s Brand** (Associação Portuguesa de Certificação): www.apcer.pt
- **Banco de Portugal** (Portuguese Central Bank): www.bportugal.pt
- **Business Confederation (AIP-CE)** – Associação Industrial Portuguesa – Confederação Empresarial: <http://www.aip.pt>
- **Business Development Agency** (AICEP -Agência para o Investimento e Comércio Externo de Portugal): <http://www.portugalglobal.pt/CmsAPI/AICEP/index.html>
- **Companies Act:**
<http://www.stj.pt/nsrepo/geral/cptlp/Portugal/CodigoSociedadesComerciais.pdf>;
- <http://www.mj.gov.pt/sections/documentos-e-publicacoes/temas-de-justica/alteracao-do-codigo-das/>
- **Customs Office** (Direcção Geral das Alfandegas): <http://www.dgaiec.min-financas.pt/>
- **Directorate General for Taxation** (DGCI – Direcção Geral de Contribuições e Impostos): <http://www.dgci.min-financas.pt/pt/>
- **Enterprise Europe Network-Portugal:** <http://www.enterpriseeuropenetwork.pt/>
- **EURES – The European Job Mobility Portal:** <http://www.europa.eu.int/eures/>
- **Eurostat:** <http://ec.europa.eu/eurostat/>
- **Food and Economic Security Authority** (ASAE – Autoridade de Segurança Alimentar e Económica): <http://www.asae.pt>
- **Gateway to the European Union (Portal da União Europeia):** <http://europa.eu/>
- **How to elaborate a business plan:** <http://www.iapmei.pt/iapmei-art-02.php?id=162&temaid=17>
- **Instituto Camões:** <http://www.instituto-camoes.pt/>
- **Instituto Nacional de Estatística – INE** (Statistics Portugal): www.ine.pt/
- **Introduction to the country** (Portugal Official Tourism Website): <http://www.visitportugal.com/Cultures/en-US/default.html>
- **Ministry of Economics and Innovation** (Ministério da Economia e Inovação): <http://www.min-economia.pt>
- **Ministry of finance and Public Administration** (Ministério das Finanças e da Administração Interna): <http://www.min-financas.pt>
- **Ministry of finance, Research Department** (GEE – Gabinete de Estratégia e Estudos): <http://www.gee.min-economia.pt>
- **National Association of Cities and Towns** (Associação Nacional de Municípios): <http://www.anmp.pt>
- **National Communications Authority** (ANACOM – Autoridade Nacional de Comunicações): <http://www.anacom.pt>
- **Official Journal of the Government** (Diário da República): <http://www.dre.pt>
- **Other useful contacts and websites:** <http://www.dgcc.pt/71.htm>
- **Portal da Empresa** (Business Portal): <http://www.portaldaempresa.pt/CVE/en>
- **Portuguese Business Association** (AEP – Associação Empresarial de Portugal – Câmara de Comércio e Indústria): <http://www.aeportugal.pt>
- **Portuguese Business website** (Portal da Empresa): <http://www.portaldaempresa.pt/CVE/en>
- **Portuguese Chamber of Official Shipping Agents** (Câmara Portuguesa dos Despachantes Oficiais): <http://www.cdo.pt>
- **Portuguese Forwarders Association** (Associação dos Transitários de Portugal): <http://www.apat.pt>
- **Portuguese Government Portal** (Portal do Governo Português): <http://www.portugal.gov.pt>
- **Portuguese Innovation Agency** (Adi - Agência de Inovação, SA): <http://www.adi.pt>
- **Portuguese Institute for Quality** (IPQ – Instituto Português da Qualidade): <http://www.ipq.pt>
- **Portuguese Institute for SME and Innovation** (IAPMEI - Instituto de Apoio às Pequenas e Médias Empresas e à Inovação): <http://www.iapmei.pt/>
- **Portuguese Labour system:** <http://dre.pt/pdf1sdip/2009/02/03000/0092601029.pdf>;
<http://www.investinportugal.pt/NR/rdonlyres/D01B9430-EF74-42AB-86DE-0AB489EEAC23/0/LabourSystem22092008.pdf>;
http://www.portugalnews.pt/icep/artigo.asp?cod_artigo=173489%0D%0A
- **Portuguese Tax System:** http://www.dgci.min-financas.pt/pt/docs/Conteudos_1pagina/NEWS_Portuguese_Tax_System.htm
- **Professional Job and Training Institute** (IEFP – Instituto do Emprego e Formação Profissional): <http://www.iefp.pt/>
- **SOLVIT:** <http://ec.europa.eu/solvit/>
- **Support to the Cooperative Sector** (INSCOOP - Instituto António Sérgio do Sector Cooperativo): <http://www.inscoop.pt/index.asp?lang=Ingles>
- **TARIC** (Integrated Community Tariff): http://ec.europa.eu/taxation_customs/dds/tarhome_en.htm
- **Tax Incentives Statute** (EBF – Estatuto dos Benefícios Fiscais): http://www.dgci.min-financas.pt/pt/informacao_fiscal/codigos_tributarios/BF/index_ebf.htm
- **The Citizen’s Portal** (Portal do Cidadão): www.portaldocidadao.pt;
- **Your Europe – Business** (Information and services from the EU or by country): <http://ec.europa.eu/youreurope/business>
- **Gateway to Japan and Korea program:** <http://www.eu-gateway.eu/go.php?nID=22&page=Home>
- **Executive Training Program:** <http://www.etp.org/>
- **Central Asia Invest program:** http://ec.europa.eu/europeaid/where/asia/regional-cooperation/trade-business/ca_invest_en.htm
- **PRO€INVEST program:** <http://www.proinvest-eu.org/page.asp?id=378&langue=EN>
- **AL-Invest program:** http://ec.europa.eu/europeaid/where/latin-america/regional-cooperation/al-invest/index_en.htm

Neither the European Commission nor any person acting on behalf of the European Commission is responsible for the use which might be made of the information contained herein. The views in this publication are those of the author and do not necessarily reflect the policies of the European Commission.

<http://www.enterprise-europe-network.ec.europa.eu>



Business Support on Your Doorstep



AIMinho – Associação Empresarial

Av. Dr. Francisco Pires Gonçalves,
Nº 45 – Apartado 99
4711-954 Braga

E-mail: eenetwork@aiminho.pt

www.aiminho.pt

Tel.: +351 253 202 500

Fax: +351 253 276 601