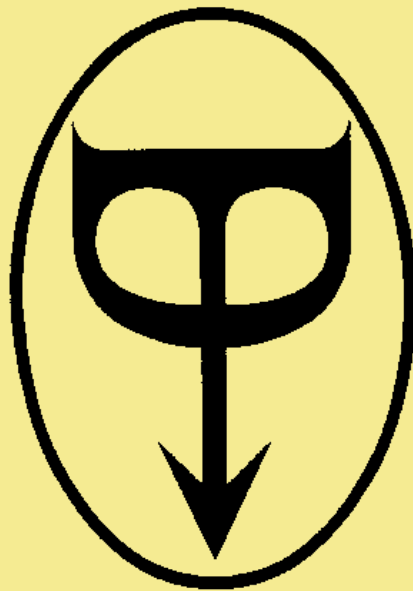
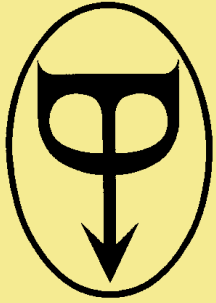


The use of Portuguese Companies for international business



Alex Magell

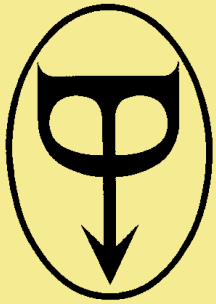




About Madeira...

- ◆ An autonomous region of Portugal
- ◆ Largest member of a group of islands located 700 Km west of North Africa
- ◆ Population of approx. 275,000
- ◆ Part of the European Union
- ◆ Civil law jurisdiction
- ◆ Economy originally dependent upon tourism, wine, & fruit
- ◆ Looking to broaden its economic base

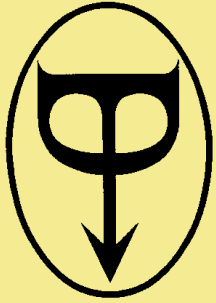




Business Development

- ◆ EU legislation to develop the island
- ◆ International Business Centre comprising:
 - Industrial Free Trade Zone
 - International Financial Centre
 - International Services
 - International Shipping Register



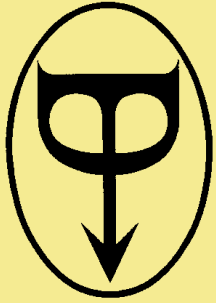


Why Use Madeira?

International Business Centre (CINM)

- ◆ Tax exemptions
- ◆ No withholding taxes
- ◆ Automatic VAT registration
- ◆ Access to Portugal's tax treaties
- ◆ Access to EU directives



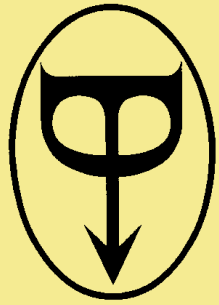


New Legislation

- ◆ Companies licensed to 31st December 2000
 - Full Exemption

- ◆ Companies licensed from 1st January 2001
 - 2001/2002 - 1% corporate tax
 - 2003/2004 - 2% corporate tax
 - 2005/2006 - 3% corporate tax



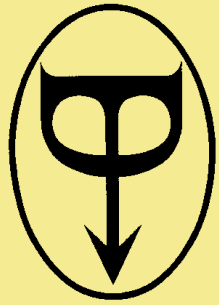


Types of Business Entity

◆ Limitada (Lda)

◆ Sociedade Anonime (SA)



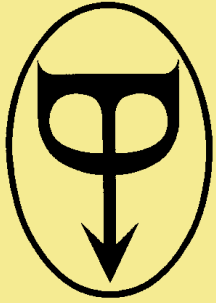


Characteristics of LDA's and SA's

Requirements:

- ◆ Minimum share capital
- ◆ Minimum number of shareholders
- ◆ Minimum number of directors
- ◆ Legal representation
- ◆ Annual accounts
- ◆ Audit requirement



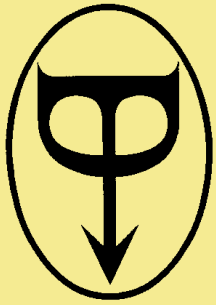


Company Activities

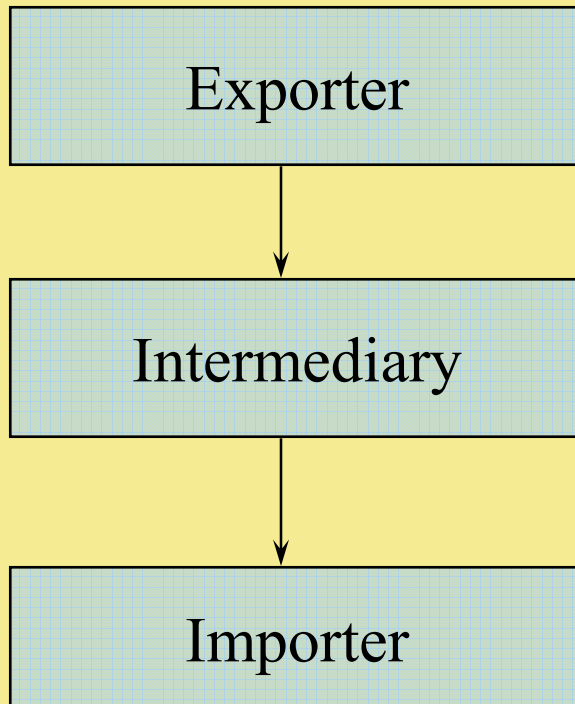
- ◆ Services
- ◆ Trading
- ◆ Holding

- ◆ Mixed holding company
- ◆ Pure holding company



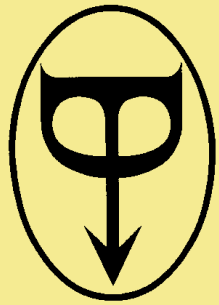


Uses of Trading Companies



- ◆ Madeira can be used as an intermediary for trading situations.
- ◆ Automatically registered for VAT for EU trading
- ◆ VAT advantages for supplies within and into the EU





Mixed Holding Companies

Benefits:

- ◆ Can hold participation in other companies whilst carrying out other activities
- ◆ Tax regime depending on date of licence
- ◆ No withholding taxes on payments made
- ◆ No capital gains tax
- ◆ Access to treaty network





Double Tax Treaties

Austria

Bulgaria

China

France

India

Luxembourg

Morocco

The Netherlands

South Korea

Tunisia

Venezuela

Belgium

Canada

Czech Republic

Germany

Ireland

Macao

Mozambique

Poland

Spain

UK

Brazil

Cape Verde

Finland

Hungary

Italy

Mexico

Norway

Singapore

Switzerland

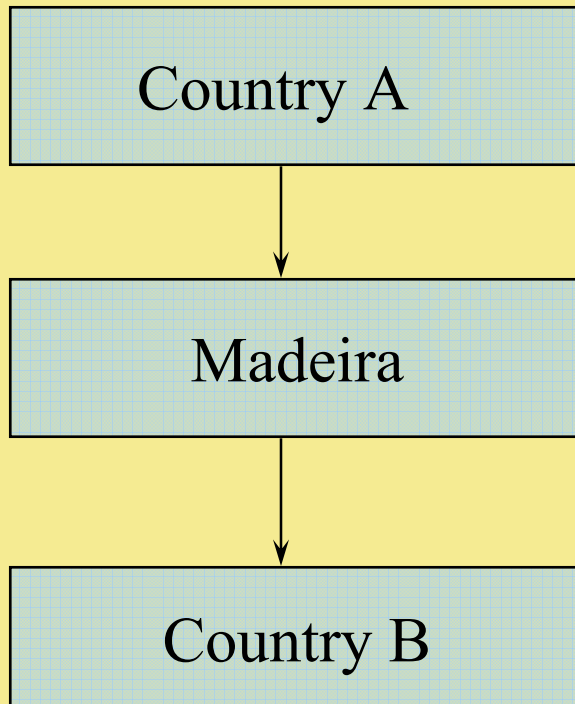
USA





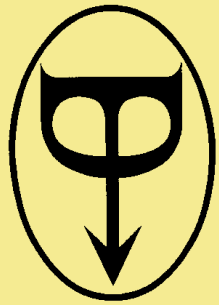
Take Advantage of Portuguese Tax Treaties

TREATY APPLICATION



- ◆ Interest, royalties & dividends may be subject to withholding tax if paid directly to Country B
- ◆ Use of Portuguese tax treaties may reduce such taxes





Practical Examples of treaty application

- ◆ Double tax treaty use
 - Portugal / Spain - dividends and interest
 - Portugal / Austria - royalty payments

- ◆ Parent / subsidiary directive
 - Portugal / Belgium - dividends

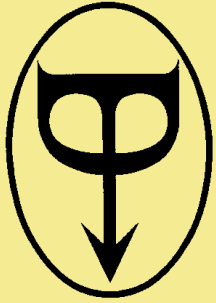




Management and Control

- ◆ No local directors or management needed
- ◆ Local requirements
 - Registered office
 - Legal representation in Madeira
 - Local accounting
 - VAT returns
 - Shareholders' meetings



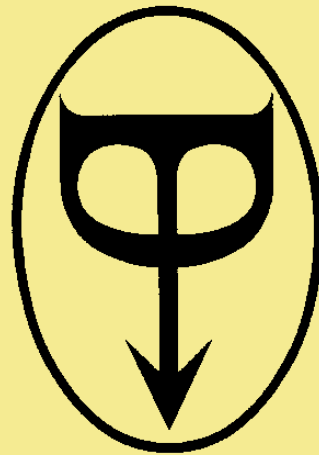


Summary of Benefits

- ◆ Tax advantages to 2011
- ◆ No withholding taxes
- ◆ Access to Portugal's tax treaties
- ◆ Access to EU directives
- ◆ Automatic VAT registration
- ◆ Good communications
- ◆ Convenient time zone



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