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The International Comparative Legal Guide to:

Corporate Tax 2007

A practical insight to cross-border Corporate Tax work

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1 General: Treaties

1.1 How many income tax treaties are currently in force in your jurisdiction?

At present, there are 46 income tax treaties in force in Portugal. They can be consulted at the following website: www.dgci.min-financas.pt/siteinternet/convencoes/Convencoes.htm.

1.2 Do they generally follow the OECD or another model?

Yes, generally the income tax treaties signed by Portugal closely follow the OECD model.

1.3 Do treaties have to be incorporated into domestic law before they take effect?

No, the treaties do not have to be incorporated into domestic law. However, in order for treaties to enter into force, the corresponding treaty has to be approved by the Parliament, ratified by the President and published in the Portuguese Official Gazette.

1.4 Do they generally incorporate anti-treaty shopping rules (or "limitation of benefits" articles)?

All income tax treaties entered into by Portugal incorporate the "beneficial owner clauses" foreseen in the OECD model on dividends, interest and royalties, except for the ones entered into with Austria, Belgium, Finland, France, Norway, United Kingdom and Switzerland.

Apart from the above-mentioned clauses, some income tax treaties also have specific anti-treaty shopping rules, namely:

- USA - The treaty includes an article on "limitation of benefits" which refers to specific conditions that the residents of the Contracting States must fulfil in order to be entitled to the benefits foreseen in the said treaty.
- Spain - The protocol excludes the benefits foreseen in the treaty on dividends, interest, royalties and capital-gains received by a company resident in one of the Contracting States, held in more than 50% by non-resident shareholders in that same Contracting State (except when the company performs substantial commercial or industrial activities in that Contracting State).
- Sweden - It has a "limitation of benefits" article, excluding the treaty's benefits with regard to companies whose income essentially derives from other States, when such income is subject to a significantly lower tax.

1.5 Are treaties overridden by any rules of domestic law (whether existing when the treaty takes effect or introduced subsequently)?

Treaties cannot be overridden by any rules of domestic law other than the Portuguese Constitution itself.

2 Transaction Taxes

2.1 Are there any documentary taxes in your jurisdiction?

The only Portuguese documentary tax is the Stamp Tax ("Imposto do Selo").

Stamp Tax is levied on all acts, contracts, documents, titles, books, papers and other taxable events set forth in the Stamp Tax General Table which take place in Portuguese territory, such as:

- gifts made to individuals (10% tax rate), except spouses, descendants and ascendants, which are exempt from Stamp Tax, on the respective value of each asset being donated, as defined in the Stamp Tax Code;
- real estate property transfers (0.8% tax rate) on the declared value or on the tax registered value, whichever is higher;
- insurance premiums and broker commissions (up to 9% tax rate);
- capital contributions (0.4% tax rate);
- notarial deeds (specific values up to €30); and
- transfer of business units (5% tax rate).

Finally, special reference should be made to financial transactions which are also subject to Stamp Tax, including loans (except for direct shareholder loans for a term of at least one year and not reimbursed before that period) and guarantees of any type or nature (up to 0.6% tax rate) and interest and commissions charged by financial institutions (up to 4% tax rate), on the respective value.

2.2 Do you have Value Added Tax (or a similar tax)? If so, at what rate or rates?

VAT is charged in Portugal on the supply of goods and services, as well as on intra-EU acquisitions of goods and imports, at the following rates:

- 5% (Madeira and Azores: 4%) - imports and supply of goods and services referred to in List I annexed to the Portuguese VAT Code (essentially basic food products, cultural, educational or sports publications, certain pharmaceutical and medical products, energy, transport, entertainment and sports events and agricultural goods);

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- 12% (Madeira and Azores: 8%) - imports and supply of goods and services referred to in List II annexed to the Portuguese VAT Code (e.g. bar and restaurant services and other food products); and
- 21% (Madeira and Azores: 15%) - applicable to events which are not taxable under the aforementioned rates.

2.3 Is VAT (or any similar tax) charged on all transactions or are there any relevant exclusions?

The most relevant exclusions and exemptions are the following:

- transfer of a commercial establishment or business as a going concern, whenever the recipient is or becomes a taxable person for Portuguese VAT purposes;
- sale and lease of all real estate property (in certain cases, this exemption may be waived);
- banking and financing activities;
- insurance and reinsurance activities;
- agricultural activities (this exemption may be waived);
- postal services;
- educational services;
- medical and dental services; and
- social and welfare services.

2.4 Is it always fully recoverable by all businesses? If not, what are the relevant restrictions?

As a general rule, input VAT is only recoverable on goods or services acquired or imported to be used in VAT taxable activities, on a direct or pro-rata allocation basis.

In addition, VAT included in the following expenses is not recoverable as a general rule:

- expenses relating to passenger car vehicles, vessels, helicopters, aircrafts and motorcycles;
- fuel, except diesel, liquid petroleum gas (LPG) and natural gas which can be recovered by 50%, or by 100% in certain specific cases;
- transport and travel expenses, except if certain specific conditions are met where, in such cases, part of the VAT may be deductible;
- expenses relating to accommodation, food, drinks, tobacco, and hosting events in general, except, regarding accommodation, food, drinks and hosting events, if certain specific conditions are met where, in such cases, part of the VAT may be deductible; and
- entertainment and luxury expenses.

2.5 Are there any other transaction taxes?

Real Estate Property Transfer Tax ("Imposto Municipal sobre as Transmissões Onerosas de Imóveis - IMT") is payable on all transfers for consideration of real estate property. The tax is levied at rates ranging between 5% and 6.5%, except when the purchaser is resident in a country or territory listed as a tax haven in Order 150/2004 of February 13 ("Tax Haven"), in which case the applicable rate is 15%. IMT is due by the acquirer and must be paid to the tax authorities, as a general rule, prior to the taxable event.

Amongst others, the following transactions are regarded as transfers for consideration for IMT purposes:

- the undertaking to purchase and sell, once the real estate property is delivered to the promissory purchaser;
- as a general rule, the assignment of the contractual position in a sale and purchase undertaking relating to real estate property;
- the transfer of shares ("quotas") in a limited liability quota company ("Sociedade por Quotas") owning real estate property whenever, by means of the said transfer, a "quotaholder" directly holds at least 75% of the company's quota capital; and
- as a general rule, the granting of an irrevocable power of attorney for transfers for consideration of real estate property for IMT purposes.

2.6 Are there any other indirect taxes of which we should be aware?

Yes, there are other indirect taxes in Portugal, namely:

- Alcohol and Alcoholic Beverages Tax ("Imposto sobre o Álcool e as Bebidas Alcoólicas - IABA");
- Tax on Petroleum Products ("Imposto sobre os Produtos Petrolíferos e Energéticos - ISP");
- Tobacco Tax ("Imposto sobre o Tabaco - IT"); and
- Car Vehicle Tax ("Imposto Automóvel - IA").

3 Cross-Border Payments

3.1 Would there be any WHT on royalties paid by a local company to a non-resident?

Royalties due to non-resident entities are subject to withholding tax at a final rate of 15%. This tax rate may be reduced by treaties (usually to a 5%, 10% or 12% rate), if, prior to the moment when the withholding is due, the beneficiary of the income provides a specific residence certificate to the payer of the income.

The withholding is due at the time when the royalties are paid or when they are contractually due, whichever occurs first.

Under the EU Council Directive 2003/49 on a common taxation system applicable to interest and royalty payments made between associated companies of different Member States (the "Interest and Royalties Directive"), as implemented by the Decree- Law n. 34/2005, the final withholding rates on payments of interest and royalties made to an associated company of another Member State or to a permanent establishment of an associated company, both located in another Member State shall not exceed 10% between 1 July 2005 and 30 June 2009, and 5% between 1 July 2009 and 30 June 2013. As to interest and royalties due after 30 June 2013, no withholding tax will be due.

3.2 Would there be any WHT on interest paid by a local company to a non-resident?

Interest due by local companies to non-resident entities is subject to withholding tax at a final rate of 20%. Treaty-reduced tax rates are applicable (usually 10%, 12%, or 15%) if, prior to the moment when the withholding is due, the beneficiary of the income provides a specific residency certificate to the payer of the income.

The withholding is due at the time the payment of the interest is made or when the interest is contractually due, whichever occurs first.

See question 3.1. above, on the effects of the implementation of the Interest and Royalties Directive.

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3.3 Would relief for interest so paid be restricted by reference to "thin capitalisation" rules?

According to Portuguese tax legislation, thin capitalisation rules apply to interest due on indebtedness to a non-EU resident related entity.

A Portuguese resident company is thin capitalised if at any time during the fiscal year, the value of its indebtedness to a non-EU resident related party exceeds twice the value of the corresponding equity participation (2:1) in the company.

In such a case, the Portuguese resident company may not deduct interest corresponding to the portion of debt in excess of the 2:1 debt-to-equity ratio, during the period when the company is thin capitalised.

Furthermore, interest associated to the portion of debt in excess of the 2:1 debt-to-equity ratio are subject to the 20% non-treaty final withholding tax rate.

Only some of the income tax treaties signed by Portugal (e.g. with the Netherlands, Brazil, Spain, Russia, Greece, Morocco, India, China, Macau, Venezuela, Cape Verde and Romania) include special and express references allowing the application of the thin capitalisation rules provided in its domestic law.

For the remaining countries with which Portugal has entered into an income tax treaty, the compliance of the Portuguese thin capitalisation rules with the non-discrimination clause of the treaty may be questioned.

3.4 If so, is there a "safe harbour" by reference to which tax relief is assured?

If the taxpayer provides evidence that, on the basis of its activity, sector, size and several other criteria, the same level of indebtedness and similar conditions could be obtained from third parties, the 2:1 debt-to-equity limit can be raised to the new proposed ratio. Evidence must be submitted within 30 days after the term of the fiscal year in which the 2:1 debt-to-equity ratio has been exceeded.

3.5 Would any such "thin capitalisation" rules extend to debt advanced by a third party but guaranteed by a parent company?

Yes, the Portuguese rules on thin capitalisation are also applicable to debt advanced by a non-EU resident third party, whenever that debt is guaranteed by a related party to the Portuguese company.

3.6 Is any withholding tax imposed on dividends paid by a locally resident company to a non-resident?

Dividends paid by a resident company to a non-resident entity are subject to a 20% final withholding tax.

However, dividends paid by Portuguese companies to EU parent companies are exempt from withholding tax provided that both companies qualify for the benefits of the so-called "Parent-Subsidiary Directive" (EU Council Directive 90/435). In order to benefit from this exemption, the EU parent company has to directly own at least 15% of the Portuguese subsidiary's share capital for an uninterrupted period of at least 2 years. If the holding period is only met after the dividend distribution, the parent company can claim a refund from the Portuguese Authorities.

Dividends paid by a Portuguese entity to a company resident in the Swiss Confederation are exempt from withholding tax in the terms and conditions mentioned in the agreement entered into between the European Union and the Swiss Confederation (which foresees equivalent measures to those included in Directive 2003/48/CE regarding the taxation of interest obtained from savings), provided that:

- The beneficiary entity holds a minimum direct participation of 25% in the share capital of the distributing entity for, at least, 2 years.
- Neither the Swiss company nor the Portuguese entity are considered resident for tax purposes in another foreign state pursuant to an income tax treaty entered into with such foreign state.
- Both companies are subject to a corporate income tax, without being exempt, and both have the status of a limited liability company.

Beneficiary residents in a State with which Portugal has entered into an income tax treaty may benefit from the treaty-reduced tax rate applicable to dividend payments (usually a 10% or 15% rate) if, prior to such payments, the beneficiary of the income provides a specific residency certificate to the payer of the income.

3.7 Does your country have transfer pricing rules?

Detailed transfer pricing rules apply to related party transactions.

Under the Portuguese transfer pricing rules, commercial operations, as well as financial operations set between a taxpayer and any other entity, whether or not liable to Corporate Income Tax ("CIT"), with whom there is a special relationship, must be underwritten, accepted and negotiated with the terms or conditions similar to those usually underwritten, accepted and negotiated between non-related parties in comparable transactions.

A special relationship is deemed to exist if one entity has the capability, directly or indirectly, to influence, in a decisive manner, the management decisions of another entity. Please note that such capability is deemed to exist between a resident company and an entity resident in a Tax Haven.

Non-compliance with the arm's length principle may result in adjustments to the reported taxable profits and the assessment of the respective tax, compensatory interest and penalties.

4 Tax on Business Operations: General

4.1 What is the headline rate of tax on corporate profits?

The standard CIT rate is 25%. The applicable CIT rate in Madeira is 22.5% and in the Azores is 17.5%. A municipal surcharge ("Derrama") of up to 10% of the CIT due may be levied.

Some expenses are subject to an autonomous CIT taxation, to be levied on the respective value and to be paid together with the filing of the annual CIT return, as follows:

- confidential and undocumented expenses (at a 50% rate);
- deductible representation expenses and expenses relating to car vehicles and motorcycles (at a 5% rate);
- deductible expenses relating to car vehicles with an acquisition cost of more than €40,000, when paid by companies with tax losses in the previous two tax years (at a rate of 15%); and
- payments made to entities resident in a Tax Haven (at a rate of 35%), except if the company provides evidence that (i) those payments refer to transactions that have effectively taken place; and (ii) the amount of those payments is not excessively high.

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4.2 When is that tax generally payable?

The standard fiscal year follows the calendar year. However, the adoption of a different fiscal year may be requested. Requests based on reasonable grounds, such as the seasonal nature of the business or the existence of a different tax year for the other companies in the group, are usually granted.

CIT must be paid in advance in three payments ("Pagamentos por Conta - PC"). Payments are to be made in the seventh, ninth and twelfth months of the fiscal year in which the taxable income has been generated (these advance payments are calculated based on the CIT paid in the previous fiscal year).

If the total amount of the advance payments made during the corresponding year is lower than the final CIT tax liability, the difference must be paid, together with the filing of the annual CIT return, up until the last working day of the fifth month of the following fiscal year. Any excess of the advance payments will be refunded within 3 months of the date of filing the CIT return.

Except in the two first fiscal years of activity, a special advance payment ("Pagamento Especial por Conta - PEC") may have to be made, during the third month (or in two instalments paid in the third and the tenth month) of each fiscal year.

The amount of this special advance payment is calculated as the difference between 1% of the company's turnover of the previous fiscal year, with the following limits: (i) a minimum limit of €1,250; (ii) a maximum limit of €1,250 plus 20% of the excess over that amount up to the value corresponding to 1%, with an overall maximum limit of €70,000 and the amount of advance payments made in the previous year.

The special advance payment is credited against final tax liability of the fiscal year when it is paid and its excess can be carried forward for four years. Any excess after this period can only be refunded in the event the company is wound up or in other exceptional circumstances.

Tax losses may be carried forward against taxable income of the next six fiscal years.

4.3 What is the tax base for that tax (profits pursuant to commercial accounts subject to adjustments; other tax base)?

For CIT purposes, the companies' taxable income is based on the profit and loss account of the company drafted in accordance with accounting rules. The reported profit or loss is then adjusted to determine the taxable base, in accordance with CIT Law rules.

4.4 Are there any tax grouping rules?

Groups of companies resident in Portugal may choose to be taxed on their aggregate taxable basis. To qualify for the tax grouping regime, the companies must fulfil the following conditions:

- all companies belonging to the group must have their head office and place of effective management in Portugal, and be subject to CIT at the standard rate of 25%;
- the parent company must hold, directly or indirectly, at least 90% of the subsidiaries' share capital and more than 50% of the voting rights;
- the parent company must hold the participation in the subsidiary for more than one year prior to the beginning of the tax year when the tax grouping regime starts to be applied;
- the parent company is not, directly or indirectly held, in at least 90% of its share capital and more than 50% of its voting rights, by another company resident in Portugal; and
- the parent company did not renounce to the application of the regime in the three years prior to the date in which the tax grouping regime starts to be applied.

In order to benefit from this special regime, the parent company and the subsidiaries must file an election with the Tax Authorities before the end of the third month of the tax year when the tax grouping regime is to take effect.

The aggregate taxable base equals the sum of the group companies' taxable bases, as shown in each respective tax return, reduced by the dividends distributed between companies of the group if those dividends are included in the individual taxable base of companies of the tax group.

No VAT grouping rules exist in Portugal.

4.5 Is tax imposed at a different rate upon distributed, as opposed to retained, profits?

Profits are subject to CIT at the standard rate of 25%, irrespective of whether they are distributed or retained.

When a resident company distributes its profits, the receiving shareholders are taxed as follows:

- Resident Individual Shareholders - the dividends will be subject to a 20% withholding tax. The investor may choose to treat the withholding tax as a final tax or to tax the dividends at the general progressive tax rates varying between 12% and 42%, applicable on only 50% of the dividends, and with the withholding being treated as a payment on account of the final tax due.
- Non-resident Individual Shareholders - the dividends will be subject to PIT at a final withholding tax rate of 20% (see question 3.6 above);
- Resident Corporate Shareholders - a "participation exemption" regime will be applicable provided the following conditions are fulfilled:
  - a) the subsidiary must be subject to, and not exempt from, CIT;
  - b) the beneficiary company must not be submitted to the "tax transparency regime"; and
  - c) the beneficiary company must directly own at least 10% of the subsidiary's share capital or a shareholding with an acquisition cost of at least €20,000,000, during an uninterrupted period of at least 1 year (this holding period requirement may be fulfilled after the dividends have been distributed).

  If the beneficiary company does not satisfy the conditions in (b) or (c), 50% of the dividends will be subject to CIT.
- Non-resident Corporate Shareholders - the dividends will be subject to CIT at a final withholding tax rate of 20% (see question 3.6 above).

4.6 If it otherwise differs from the profit shown in commercial accounts, what are the main other differences?

The profit shown in the financial statements is subject to several tax adjustments foreseen in the CIT Code. These adjustments mainly refer to (i) positive and negative variations in the value of the companies' assets not reflected in the profit and loss account; (ii) government allowances and grants; and (iii) non-deductible costs, depreciations and provisions.

With respect to costs, the following expenses are not deductible for CIT purposes:

- CIT and Municipal Corporate Income Tax Surcharge

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("Derrama");

- expenses documented by invoices issued by entities with an inexistent or invalid tax number;
- taxes and other expenses for which other entities are legally liable and which the company is not legally authorised to bear;
- penalties and other charges which are not of a contractual nature, including compensatory interest;
- compensation paid by the company for damages that should be covered by insurance;
- 20% and in some cases 100% of the allowances and other compensations related to the use of private car vehicles for employees if they are not subject to PIT or charged to the company's clients;
- undocumented or confidential expenses (in addition they are subject to an autonomous taxation);
- expenses related to car vehicle leases, in excess of certain limits; and
- fuel expenses related to vehicles and equipment that is not owned or leased by the company, as well as those exceeding a normal level of consumption.

With respect to depreciation, the following restrictions apply:

- depreciation on assets not subject to effective depreciation (e.g. land);
- depreciations in excess of the maximum depreciation rates foreseen in the tax legislation;
- depreciations in excess of the useful life of the assets, except if authorised by the Portuguese Tax Authorities; and
- as a general rule, depreciations on passenger car vehicles or on mixed passenger and goods carriage car vehicles in excess of an acquisition price of €29,927.87, as well as on vessels and passenger aircraft and related expenses.

In addition, only the following allowances are deductible:

- doubtful debts, arising from the normal activity of the company, provided that (i) the debtor is involved in a special recovery procedure or in execution, bankruptcy or insolvency procedures; (ii) the debt has been judicially claimed; or (iii) the debt has become overdue by more than 6 months;
- depreciation of inventory;
- obligations and other charges arising from ongoing judicial procedures; and
- allowances imposed by the Bank of Portugal or by the Portuguese Insurance Institute.

4.7 What other national taxes (excluding those dealt with in "Transaction Taxes", above) are there - e.g. property taxes, etc?

In Portugal, there are no other relevant national taxes besides the ones already referred to.

4.8 Are there any local taxes not dealt with in answers to other questions?

With regard to other local taxes, the most significant is the Real Estate Property Tax ("Imposto Municipal sobre os Imóveis - IMI") which is annually levied over the tax registered value of real estate property, at rates ranging from 0.2% to 0.8% (except when owned by an entity resident in a Tax Haven, in which case the rate is increased to 2% for unoccupied buildings and 1% for the remaining properties).

5 Capital Gains

5.1 Is there a special set of rules for taxing capital gains and losses?

The Portuguese CIT Code has a special set of rules on capital gains and losses which can be summarised as follows:

- taxable capital gains are calculated as the excess of sales proceeds (net of selling expenses) over the net book value. The net book value may be adjusted by coefficients set annually by the government if the seller owned the asset for at least the last two years preceding the sale. No adjustment to the purchase price of financial assets is allowed, other than to shares and real estate property;
- 50% of the negative difference between capital gains and losses arising from the sale of shares is not deductible for CIT purposes;
- costs and capital losses arising from the sale of shares to related parties or the sale of shares held for less than 3 years, whenever acquired from (i) related parties; (ii) companies resident in a Tax Haven; or (iii) companies resident in Portugal which are subject to a special taxation regime, are not deductible for CIT purposes; and
- relief for reinvestment rules (see question 5.3 below).

5.2 If so, is the rate of tax imposed upon capital gains different from the rate imposed upon business profits?

No, capital gains are included in the company's taxable income to be taxed at the standard 25% rate.

5.3 Is there a participation exemption or relief for reinvestment?

The reinvestment regime for capital gains obtained by resident companies and non-resident companies with a permanent establishment in Portugal can be summarised as follows:

- Only 50% of net capital gains derived from the disposal of fixed assets are subject to taxation if the sales proceeds are reinvested in similar assets in the fiscal year before the fiscal year of disposal or by the end of the second fiscal year after the fiscal year of disposal. A statement concerning the intention to reinvest must be included in the annual tax return of the year of disposal.
- The relief for reinvestment is extended to net capital gains deriving from the disposal of shares held for at least one year, representing at least 10% of a company's share capital or with an acquisition value of at least €20,000,000, and provided further that the shares have not been acquired by a related party (with certain exceptions) or by an entity considered to be resident in a Tax Haven.

CIT law imposes several restrictions on the type of assets in which the above reinvestment may be made.

If only a portion of the proceeds is reinvested, the benefit described above is proportionally reduced. Furthermore, if the reinvestment is not made until the end of the second fiscal year following the fiscal year of disposal, the defaulted CIT amount will be added to the taxable profit of that fiscal year, increased by 15%.

As a general rule, the capital gains and losses obtained by Portuguese holding companies "Sociedades Gestoras de Participações Sociais" from the sale of shares held for at least one year are entitled to a participation exemption. However, in this case, any interest or financial charge relating to the acquisition of such shares is not deductible for CIT purposes.

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6 Branch or Subsidiary?

6.1 What taxes (e.g. capital duty) would be imposed upon the formation of a subsidiary?

The incorporation of a subsidiary is subject to Stamp Tax on its share capital and premium, at a rate of 0.4%. No other relevant taxes or fees are due.

6.2 Are there any other significant taxes or fees that would be incurred by a locally formed subsidiary but not by a branch of a non-resident company?

No, there are no such other taxes or fees.

6.3 Would such a branch be subject to a branch profits tax (or other tax limited to branches of non-resident companies)?

No, in Portugal there is no tax limited to branches of non-resident companies.

6.4 Would a branch benefit from tax treaty provisions, or some of them?

No, Portuguese permanent establishments (including branches) of non-resident companies do not benefit from any of the income tax treaties entered into by Portugal.

6.5 How would the taxable profits of a local branch be determined?

Permanent establishments in Portugal are subject to CIT on profits attributable to such permanent establishments and (only for permanent establishments of companies resident in a country with which Portugal has not entered into an income tax treaty) on any other income of the same or a similar nature earned in Portugal by the non resident company (under a so-called "force of attraction principle").

Taxable profits of the local branch are determined in accordance with the same rules applicable to resident companies. Therefore, for CIT purposes, the branches' taxable income is based on the financial statements prepared in accordance with accounting rules and registered on an accrual basis. The reported profit or loss is then adjusted, in accordance with regulations set out in the Tax Law, in order to determine the tax base.

However, please note that, as a general rule, some type of costs may not be tax-deductible if charged by the head-office to the branch, namely, royalties, interest for late payments or interest from loans payable by the branch to the head office.

This is based on the fact that the company and the branch are the same legal entity, and as such, the company does not transfer technology, grant loans or penalise itself.

Interest payable by the branch to the head office may only be deductible if the loan which gives rise to the interest is made by a third party; that is, when the loan is made by a third party to the head office and then extended to the branch (for instance, because the head office can obtain lower rates than its branches).

For CIT purposes, the branches may deduct the general administration costs paid by the head office, whenever those costs are attributable to the branch, according to allocation criteria deemed as reasonable by the Portuguese Tax Authorities (these criteria must be justified in the annual tax return and maintained in the following fiscal years).

6.6 Would any withholding tax or other tax be imposed as the result of a remittance of profits by the branch?

According to the Portuguese CIT Code, no Branch profits tax is charged on the remittance of profits from a Portuguese Branch to its foreign Head-Office.

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Filipe Romão received his Law degree after studying at the University of Lisbon (Faculdade de Direito da Universidade de Lisboa). He later received a Master's degree in Business Administration at Universidade Católica do Porto and a postgraduate qualification in Tax Law at the Instituto Superior de Gestão.

He started practising as a lawyer in 1996 in a Portuguese law firm, and between 1997 and 2001 he practised tax law in the tax division of a leading consultancy firm.

Since January 2005, he has been partner at Uría Menéndez's Lisbon office. Filipe Romão focuses his practice on tax law, and in particular he provides advice to Portuguese and international clients on tax issues arising from corporate reorganisations and acquisitions, financial structures and new financial instruments such as warrants, certificates or reverse convertibles, as well as on real estate transactions and project finance related to the acquisition and transfer of real estate, the development of real estate in general and shopping centres in particular.

Filipe Romão has participated as a speaker at various seminars and conferences and has written several articles on tax issues in specialised publications.

URÍA MENÉNDEZ

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Uría Menéndez has had a permanent presence in Portugal since 1998 and has been involved in some of the leading transactions which have taken place during that period. The Firm was, moreover, the first foreign law firm to have obtained authorisation to open an office and render legal services in this country.

The increasing demand for legal services in the Iberian Market triggered, in 2004, the integration with Uría Menéndez of Vasconcelos, F. Sá Carneiro, Fontes & Associados, one of the leading Portuguese Law Firms.

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They are split into various departments, each structured to guarantee that every matter is handled by specialised lawyers and to ensure that we provide a personal service of the highest quality. Each transaction is managed by a minimum of two lawyers, one of whom is a senior lawyer. She or he takes direct responsibility for the effective handling of the assignment and ensures fluid communication with the client. We currently have seventy-five lawyers working in our Portuguese offices, including a team of six tax lawyers.

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