



MCS

MADEIRA
CORPORATE
SERVICES

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Internationalize Your business through Madeira

*The **International Business Center of Madeira (MIBC, also known as Madeira Free Trade Zone)** remains **attractive for foreign and Portuguese investors, representing the single Portuguese fiscal incentive created to directly support the internationalization of the activity of Portuguese companies.***

Duly licensed companies benefit from one of the **lowest corporate income tax (CIT) rates in the EU, 5%, to which 0% withholding tax on interest, capital gains, services, royalties and dividends is added** (provided that certain requirements are met).

The **tax efficiency** that a company can achieve, **within the scope of the MIBC, is 16 percentage points, regarding CIT.**

The **MIBC is a real European incentive for the internationalization of Portuguese exporting companies or international services providers.**

Most **service providers** can **benefit** from the MIBC, including those engaged in **trading,**

e-business and **telecommunications, consultancy** and marketing services, as well as **intellectual property management,** real estate project development or holding-related services.

Another important feature of the MIBC related benefits is that **once the licensing process is done, the tax benefits become immediately effective.** Unlike European funds there is no waiting period between the approval of the incentive and its implementation.

The **MIBC** is a tax benefit scheme **granted under the Portuguese Tax Benefits Statute and duly approved by the European Commission.** This results from the fact that the Autonomous Region of Madeira is considered an outermost region of the EU by the Treaty of Lisbon and, therefore under European law entitled to a free trade zone (as is the case).

Since the **MIBC** is **governed by Portuguese and European Law,** it offers the required **legal certainty** to its investors. **All companies duly licensed to operate within the MIBC comply with all legal requirements to operate in Portugal, and therefore in the EU.**

Given the above, all e-commerce directives have been duly transposed into Portuguese law, including those relating to electronic billing, digital signatures and data protection.

Such facts make it clear that, in addition to being a completely transparent tax incentive, the MIBC also allows for an effective tax saving that can be used in the internationalization of the licensed company.

In addition to all the above-mentioned benefits, companies that are duly licensed in the MIBC may cumulatively apply for European funding under the Madeira 14-20 program. Given this, a MIBC company can benefit not only from the Internacionalizar 2020, Empreender 2020, Valorizar 2020, PROCiência 2020 or Inovar

2020 programs, but also from the financial instruments available to companies based in the Autonomous Region of Madeira.

Last, but not least, Madeira has all kinds of high quality support services, such as a broad network of information technology companies, consulting firms, financial services and administrative support, thus making operational costs low when compared to other European markets.

Contact us for more information on how to relocate your business to the MIBC.

NEW TREATIES TO AVOID DOUBLE TAXATION

A quick overview of the Portuguese Republic Gazette allows us to verify that Portugal is rapidly expanding its network of conventions to avoid double taxation and thereby improving the efficiency of the MIBC.

COUNTRY	GAZETTE DATE	STATUS
Sultanate of Oman	06-07-2017	The internal constitutional formalities for the approval of the Convention are complied with.
Kindgom of Bahrein	05-07-2017	
Socialist Republic of Vietnam	04-07-2017	Entry in force
Montenegro	21-03-2017	Treaty is approved
Principality of Andorra	14-02-2017	

The Madeira International Ship Registry (MAR) is today the third largest ship registry in the European Union. MAR is among the highest quality international registries as a result of the implementation of effective monitoring systems for all ships registered with it.

Like the MIBC, the **MAR registry is fully integrated in the Portuguese, European and international legislation concerning Maritime Law.** As such, all international conventions of which Portugal is a signing member are fully applicable to and acceptable by MAR, therefore contributing to its inclusion in the White List of the Paris Memorandum of Understanding. Thus, **any vessel registered in MAR has full access to continental and island cabotage within the EU.**

Except for fishing vessels, **MAR may accept the registration of all commercial vessels, including oil rigs and commercial or private yachts.**

Nevertheless, **the true advantage of MAR** as compared with other ship registers is the associated tax and parafiscal advantages, namely:

PARA-FISCAL ADVANTAGES

Non-Portuguese crew members and their employers are not obliged to contribute for the Portuguese social security system if instead they opt for an alternative public or private insurance system;

Portuguese crew members will be subject to a reduced social security contribution rate

of 2.7%, of which 2.0% will be borne by the employer and 0.7% by the crew member;

FISCAL ADVANTAGES

Salaries earned by the crews of ships registered in MAR are exempt from any income tax;

The tax regime of the MIBC is fully applicable to duly licensed shipping companies or charter companies, whether or not they have registered ships in MAR;

Exemption from VAT in the register of commercial yachts that navigate on the high seas, an exemption that also applies to supplies of fuel, repairs and maintenance operations in accordance with Article 14 of the Portuguese VAT Code.

In addition to the tax advantages, MAR guarantees a **highly competitive mortgage regime,** which allows both parties involved in the vessel registration process, financial institution and lender, to freely **choose the legal system of another country to regulate the creation of mortgages on the vessel concerned,** thus providing greater flexibility to registration.

It is therefore not surprising that a large majority of European ship-owners prefer MAR to the detriment of other international registrations such as Malta, Cyprus or the Netherlands.

For our part, **MCS has more than 20 years of experience in the registration of all types of vessels in MAR and counts, among its founders, those specialized in Maritime Law to assist its customers in the register of vessels**, either in MAR or in any other jurisdiction of the customer's choice.

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