

# Franco Caiado Guerreiro & Associados

## Attorneys at Law

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#### Legal

### TAX ADVANTAGES IN PORTUGAL

**Stamp Duty:** In 2004 Stamp Duty replaced Gift and Inheritance Tax in Portugal and as a result most part of inheritances has since been tax exempt. In fact, gratuitous transfers to spouses and children are not subject to Stamp Duty and are therefore tax exempt. This exemption applies whether the gratuitous transfer results from inheritance or from a gift.

**Capital Gains:** According to Portuguese law, residents in Portugal benefit from an exemption on all capital gains resulting from the sale of shares held for more than 12 months. This is a truly appealing feature of the Portuguese tax framework and is considered an advantage for those who decide to settle in Portugal.

**Personal Income Tax:** Non-residents are exempt from Personal Income Tax on capital gains resulting from the sale of shares, warrants and other financial instruments, if certain legal criteria are met.

### SOCIETAS EUROPEA IN PORTUGAL

**A new form of company, the European Company or "Societas Europea" is now available in Portugal.** Its legal framework was approved by Decree-Law 2/2005 of 4 January, enacted pursuant to Council Regulation (EC) No 2157/2001 of 8 October 2001.

The provisions of said regulation allow the incorporation and management of companies with a European dimension, without having to deal with the legal and practical constraints that result when 25 different legal orders are involved.

Its purpose is to enable companies from different Member States to form a European Company by means of a merger or by the creation of a holding company and to

enable companies and other legal persons carrying on economic activities and governed by the laws of different Member States to form joint subsidiaries.

## **COMPETITION LAW**

**Controlinveste notifies acquisition of sole control of Lusomundo Serviços** In March 2005, the holding Controlinveste notified the Portuguese Competition Authority of the acquisition of the sole control of the holding Lusomundo Serviços through the acquisition of all the shares held by PT Multimédia in said holding, PT Multimédia being one of the main Portuguese telecommunication services providers. This is a very important concentration operation due to the activities carried out by the companies involved: Lusomundo Serviços holds, through its subsidiaries, some of the most important newspapers and radio stations in the country, while Controlinveste is mainly active in the sports area, namely through shares held in a sports newspaper and in television network.

**Competition Authority approves Fima/VG's acquisition of sole control of Unilever Bestfoods Portugal** The Competition Authority has fully cleared the acquisition of the sole control of Unilever Bestfoods Portugal by Fima/VG, a company jointly held by the Groups Jerónimo Martins and Unilever and whose activity is the production and trade of food products.

**Competition Authority approves IMPRESA's acquisition of sole control of SIC** The Competition Authority fully cleared the acquisition of the sole control of the company SIC, one of the major Portuguese television networks, by Impresa (probably the largest media player in Portugal in the television and press business), which bought the shares held by Banco BPI, with whom Impresa formerly jointly controlled SIC.

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## **Business**

### **GROWTH IN PORTUGAL ABOVE THE EURO ZONE THIS YEAR**

**The International Monetary Fund (IMF) predicts that the Portuguese economy will grow above the average in Europe.** The Portuguese gross domestic product (GDP) will rise 1,8% in 2005 which is 0.2 percent above the 1.6 percent expected for the Euro area as a whole.

Should these forecasts come to pass, Portugal will have interrupted a five-year cycle of constant divergence with European Union member states that have adopted the euro as their currency.

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