



Establishment Agreement

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Tax relief

Tax relief may not be granted or enjoyed if the taxpayer fails to pay any taxes or social security contributions, or if accounts are not kept in accordance with the accounting and financial reporting regulation system in force in Cape Verde.

Contractual tax benefits

Entities that make substantial investments of proven economic interest may benefit from exceptional benefits with respect to customs duties, Corporate Income Tax (IRPC), Personal Income Tax (IRPS), Property Tax (IUP), and stamp duty, within the scope of investments covered by the Investment Law. These benefits are granted by the Council of Ministers as part of the establishment agreement. To this end, investments must meet all the following conditions:

- a) investment value must be above five hundred and fifty thousand contos;
- b) investment must promote and accelerate national economic development, with investment included in the government programme being considered as such;
- c) at least 10 jobs must be created. For investments made outside the urban municipalities of Praia, Sal, and Boa Vista, the required investment value is reduced by 50%.

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This establishes the tax incentives for the investment project and the objectives and goals to be met, while also fixing penalties in the event of non-compliance. The standard benefits that fall under the establishment agreement may not be granted for a period of more than 15 years.

Form of granted benefits

The benefits granted under this system may be in the form of exemption, reduction of the tax base, tax-free allowances, accelerated amortisation and depreciation, and reduced rates.

Limits of granted benefits

The effective rate that results from application of all tax benefits may not be below one fifth (1/5) of the rate in force. In addition, the benefits in question may not be combined with any other benefits provided for by the Tax Relief Code (CBF). It should be noted that internationalisation projects may not benefit from the contractual tax benefits granted under the establishment agreement.