



Investing In Cape Verde Formation Of Companies

CAPE VERDE

INVESTING IN CAPE VERDE

FORMATION OF COMPANIES

Foreign investors are authorised to create 100% private companies, except in the fisheries sector, where a Cape Verdean partner is required to have a minimum share of 51%, or inter-island sea transport, which requires a share of 25%.

A foreign investor may carry out business activity:

As an individual

By establishing one of the types of trading companies permitted by law:

- ✓ Limited companies;
- ✓ Single-shareholder limited companies;
- ✓ Joint-stock companies.

Creation of a foreign company branch office

- ✓ Branch:
- ✓ Stable establishment.

CREATION OF COMPANIES IN CAPE VERDE

The main types of trading companies are limited companies and joint-stock companies, and the choice of one of these options is primarily dependent on the size of the business (capital to be invested), with the former being more suitable for generating small and medium-scale business and the latter suitable for large-scale investment.

Potential external investors may establish a company via any of the legally prescribed forms, opting for one of two procedures. The simpler form is swift, as a 'company in one day', while the slower option is to apply via the Commercial Registry Office. Both of these options have their advantages and their drawbacks, so the decision should be guided by a careful analysis of the interests of the business and the relationship that needs to be established with partners or shareholders. Limited and joint-stock companies are the most

common legal forms of a company, but there is also the framework for cooperatives and single-member companies.

Limited companies

Limited companies (Ltd) must comply with the following requirements:

- a) Proceed with the public establishment of the company, indicating the share capital and the number and value of shares;
- b) Minimum share capital of 1 escudo (0.01 euros);
- c) Split of share capital, underwritten by every shareholder;
- d) At least 50% of the underwritten capital should be deposited in cash at a local banking institution. The remainder should be made in the following 3 years in the form stipulated in the articles of association.

Joint-stock companies

Before they begin operation, joint-stock companies must fulfil the following requirements:

- a) The company must have a minimum of 2 (two) shareholders;
- b) Minimum capital of 1 escudo (0.01 euros);
- c) The capital must be fully underwritten;
- d) At least 30% of the underwritten capital should be deposited in cash at a local banking institution. The remainder should be made in the following 5 years in the form stipulated in the articles of association.
- e) A company may be a single-member company, in which case it is a stock corporation with a single proprietor (Sociedade Anónima, Unipessoal, SA).

Necessary documentation

i. For individual shareholders

- a) Photocopy of identification document;
- b) Letter of attorney with authenticated signatures if it is necessary to appoint attorneys, along with their identification documents.

ii. For the company

- a) Authenticated photocopy of the constitution deed or document;
- b) Authenticated photocopy of the certificate of registration;

- c) Authenticated photocopy of the company's tax card;
- d) Minutes of the decision to establish a company in Cape Verde, indicating the type of company, the name of the person who will sign on behalf of the company, and the value of the share capital;
- e) Attorney's letter with authenticated signatures conferring power of attorney to represent the company to the competent bodies for the establishment and legalisation of the company in Cape Verde.

Formalities

- a) Obtaining an admissibility certificate for the firm from the Conservatory;
- b) Preparing company statutes / memorandum of association / contract;
- c) Opening a bank account in the company name and depositing the share capital at a commercial bank operating in Cape Verde;
- d) The public deeds for the establishment of a company are granted only upon provision of all of the aforementioned documents if a shareholder seeks to underwrite the share capital with property; otherwise the articles of incorporation signed by the shareholders/stockholders are sufficient;
- e) Commercial registration with the Commercial Registry and obtaining a final certification;
- f) Publication of the company statutes in the Official Journal of Cape Verde;
- g) Making a declaration to the General Directorate for Contributions and Taxes and obtaining the number of taxpayers prior to commencing operations;
- h) Making a declaration of commencement of operations for taxation purposes within 6 (six) months;
- i) Registration with the National Social Security Institute, the General Directorate for Labour and the Labour Office;
- j) Registration the Directorate of Commerce for the purposes of carrying out commercial activity.

Subsequent formalities depend on the activities being carried out and may include the necessary licences and authorisations for conducting business or industry.

Company in one day

Alternatively, as previously mentioned, a ‘**company in one day**’ may be established at Citizen House, where all of the necessary steps for establishing a company can be carried out.

Branch

This is a non-autonomous entity of a parent company that serves as a local extension of that parent company. In other words, the branch is not a legal entity distinct from the parent company, but has full legal capacity to conclude contracts as part of its activities.

The **procedure for establishing a branch** is very similar to that of the types of company mentioned above, with the following documents required:

- a) proof of the company resolution to establish representation;
- b) complete and up-to-date text of the contract to establish the represented entity and proof of its legal existence;
- c) act on the decision to establish a branch in Cape Verde, indicating the type of company and the name of the person representing the company;
- d) Attorney’s letter with authenticated signatures conferring power of attorney to represent the company to the competent bodies for the establishment and legalisation of the company in Cape Verde.

Formalities

- a) Registration in the Commercial Register at the Conservatory;
- b) Publication of the statutes of the parent company in the Official Journal of Cape Verde;
- c) Registration with the Social Security Office and the General Directorate for Contributions and Taxes.