

# Guide to Investing in Cabo Verde

## 2nd Chapter

*Regulatory Framework  
for Investment*

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## 1. Introdução | Cabo Verde

### Framework

All investments with a value equal to or greater than 5 million Cape Verdean escudos must follow the processing model foreseen for the One-Stop Shop for the Investor. According to this model, there is a single interlocutor between the administration and the investor for the purposes of processing and approving projects, without prejudice to the public entity which has this function, and for then making direct contact with all other entities involved in the approval process of the investment project.

Cabo Verde TradeInvest - Investment and Exportation Promotion Agency of Cabo Verde -, is the public entity responsible for the promotion, dissemination, coordination, facilitation and monitoring of investment opportunities in the country and exports of goods and services produced in Cabo Verde, all which is done in articulation with the respective sectorial services, in their respective areas of operation. It is also responsible for coordinating the investment process, as well as receiving, analyzing, negotiating and contracting projects, under the terms legally provided for, representing the State.

## 2. General regime of private investment and tax benefits

The Investment Law (Law no. 13/VIII/2012, of July 11, amended by Decree-Law no. 34/2013, of September 24) defines the basic legal framework for the process of making national and foreign investments in the Cape Verdean territory or abroad from Cabo Verde and the benefits, guarantees and incentives conferred. The covered investments must contribute to the socio-economic development of the country, subject to the principles of national economic and environmental policy.

Under the Investment Law, all investors, regardless of their nationality, enjoy the same rights and are subject to the same duties and obligations. Investors are guaranteed legal security and protection against any measures of direct or indirect requisition, nationalization, or expropriation, which can only occur in strict adherence to the law, the principle of non-discrimination, and the principle of fair compensation.

In the case of investment projects that, due to their size or impact, are considered of exceptional interest within the framework of the country's socio-economic development strategy, the State of Cabo Verde often signs Establishment Agreements with private



investors, in which are defined the rights, obligations, incentives, tax and non-fiscal benefits attributed to the undertakings, subject to approval by the Council of Ministers.

Realising investments, as long as permitted by law, is free and does not require prior authorization beyond the legal, sectorial, and general procedures in force in the country.

Any disputes between the State of Cabo Verde and foreign investors may be resolved by arbitration subject to national and international principles. Additionally, public procurement laws are solid and inspired by Portuguese standards and therefore, indirectly, by European legislation.

## 2.1 Tax and Customs Benefits

### **Tax credit for deduction of the Single Income Tax (“IUR”)**

The investments made under the Investment Law benefit from a tax credit by way of deduction from the income tax collection of natural and legal persons under the regime of Organized Accounting, in an amount corresponding to:

- 30% of the relevant investments made in the areas of health, environment, creative industry, tourism or tourist promotion industry and tourist real estate, industrial

activity, air and maritime transport services and port and airport services, production of renewable energy, production and assembly of renewable energy equipment, research and scientific investigation, as well as the development of information and communication technologies.

- 20% of the relevant investments made in the other areas.

For these purposes it is considered **relevant** the investment in tangible fixed assets, acquired in new condition and assigned to the investment project in the national territory, as well as the investment with the acquisition of patents and licenses for use of technologies certified by the competent authority.

### **Exemption of Property Tax (“IUP”)**

The investments made under the Investment Law that require the acquisition of real estate exclusively for the installation of the investment projects can benefit from IUP exemption.

The attribution of this incentive is, however, conditioned to the respective acceptance by the competent municipal entity.

### **Isenção de Imposto de Selo**

Financing contracting operations aimed at investments carried out under the terms of the Investment Law are exempt from stamp tax.



### **Assumptions of Tax Benefits**

According to article 6, of the Tax Benefits Code (TBC), the enjoyment of tax benefits is only allowed to IRPC (Corporate Income Tax) and IRPS (Personal Income Tax) taxpayers who, summing up the legal conditions for the exercise of their activity, cumulatively meet the following requirements:

- a. Be framed in a taxation regime by organized accounting;
- b. Use organized accounting in compliance with the System of Accounting Standardization and Financial Reporting in force in Cabo Verde;
- c. Employ exclusively the online electronic communication method, made available by the tax administration, to fulfill its tax obligations;
- d. Not be taxed by indirect methods of taxation;
- e. Have the investment project registered in the One-Stop Shop for Investment.
- f. The promoter or holder who has not held any equity interest in another company whose activity has been terminated less than 5 years ago with an irregular tax situation.

It also refers that it is necessary for the taxpayer to have its tax situation regularized in order to enjoy tax benefits, considering as such those who are not in debt or who, when being in debt, have made a claim, challenge or opposition and have provided proper security, when this is required.

### **Establishment Agreements for projects of national interest**

An investment project may be designated as a “project of national interest” if it meets certain requirements. In these situations, contracts may be signed between the State of Cabo Verde and foreign investors. These contracts are called “establishment agreements”, where exceptional benefits can be granted regarding import duties, IUR-PC (Single Income Tax - Legal Person), IUP (Property Tax) or Stamp Tax.

A project may be designated as a project of national interest if it cumulatively meets, among others, the following conditions:

- a. The investment amount is greater than CVE 3 million (EUR 27,207,182.70);
- b. O investimento seja relevante para a promoção e aceleração The investment is relevant for the promotion and acceleration of the national economy’s development, considering as such those that are integrated in the Government’s program;
- c. The investment creates at least 20 direct skilled labor.

The assumptions in (a) and (c) above are reduced by:

- 50% when the investment is implemented in municipal territory with an average GDP per capita, in the last three years, lower than the national average.



The tax benefits instituted in the establishment agreements cannot extend beyond fifteen years.

### **Tax benefits to the International Business Center**

The International Business Center of Cabo Verde (CIN-CV) is an initiative that aims to promote, support, strengthen and boost the emergence of new industrial, commercial and service activities in Cabo Verde.

Entities licensed under the CIN have access to specific tax benefits. However, tax benefits under the CIN do not apply to entities operating in the areas of Tourism, Banking and Insurance, Real Estate and Construction. The CIN encompasses several investment promotion initiatives, namely the Industrial and Logistics Development Zones, the commercial free zones or financial warehouses, and the promotion of specific types of industrial and service activities.

The economic operators that carry out their activities in the Industrial and Logistics Development Zones, in the commercial free zones or free warehouses, or that develop certain industrial activities listed in Annex II, of Legislative Decree no. 1/2011, of January 31, as amended by Decree-Law no. 27/2019, of June 18, or certain service provision activities foreseen in Annex III of the same diploma, may be licensed through the CIN.

The entities licensed in the CIN are entitled to a tax benefit in the form of reduced IUR (Single Income Tax) rates for income derived from the exercise of industrial or commercial activities, and their ancillary or complementary activities, as well as the provision of services.

This benefit is applicable to income resulting from activities maintained exclusively with other entities installed and operating in the CIN or with non-resident entities and without permanent establishment in Cabo Verde.

The tax benefit is valid until 2030, depending on the creation of a minimum of 105 jobs in the International Industry Center and International Trade Center, and translates into the application of the following staggered rates of Corporate Income Tax (IRPC):

- a. 5% for entities with five or more dependent employees;
- b. 3,5% for entities with twenty or more dependent employees;
- c. 2,5%, for entities with fifty or more dependent employees.

At the International Service Center, the minimum number of jobs required is two, and the corporate tax rate is 2.5%.

## **2.2 Customs Benefits**

The import of certain categories of goods, such as construction materials, equipment, machinery, furniture, among others, benefit from a 5% customs duty rate whenever they are related



to the main object of the investment project. This incentive is granted during the installation phase and throughout the first year of operation.

It can also observe the following customs benefits:

Exemption from customs duties on imports of certain categories of goods intended for the operation of licensed activities:

- Materials and equipment that can be incorporated directly into the installation, expansion or remodeling of enterprises not intended for sale, namely metallic structures, civil construction materials, sanitary equipment, electrical and electronic equipment, as well as their accessories and spare parts when accompanying them;
- Equipment, machines, apparatus, instruments and utensils, as well as their accessories and spare parts;
- New collective transport vehicles, destined for urban passenger transport, properly equipped, and heavy vehicles destined for the transport of goods, imported by companies in the sector;
- Material for packaging and wrapping products manufactured by the beneficiary company;
- Raw material and additional materials, finished and semi-finished material products intended for incorporation into

products manufactured by the company

The imports of goods, products, and raw materials by the entities installed and operating in the CIN do not require an import license.

### **Tax benefits of a social nature Agriculture, Livestock and Fisheries**

The importation of certain goods, such as agricultural equipment and boats, connected with farming and fishing operations, can be declared exempt from customs duties, upon the favorable opinion of the responsible administrative department.

### **Industry**

The importation of certain goods, such as raw material and additional materials, linked to industrial activity, benefit from an exemption of customs duties on importation.

### **Civil Aeronautics**

- The importation of certain goods, such as construction material and aircraft, when made by air transport companies, public service concessionaires, concessionaires for the operation of airports and aerodromes, and companies authorized to provide assistance to aircraft, is exempt from customs duties.



### **Maritime transport**

- The importation of commercial vessels and certain materials related to maritime transport is exempt from customs duties.

### **Media**

- The importation of certain goods, such as discs, tapes, cassettes, ink developers, offset, photographic material, among others, is exempt from customs duties when made by legally established media companies and intended exclusively for the equipping of their facilities or for reporting services.

### **Diplomatic and consular missions and their agents and employees**

- The importation of goods, including vehicles, intended for the official use of diplomatic missions and their installation or for the personal use or installation of their diplomatic agents and members of their families living with them, provided that they are not Cape Verdean nationals, is exempt from customs duties, taxes, and other related charges, with the exception of expenses for storage and similar services.

Members of the administrative and technical personnel, as well as employees of diplomatic missions, and members of their

families living with them, as long as they are not Cape Verdean nationals, also benefit from the exemption mentioned above for goods imported for their first installation, up to six months from the date of entry into the country.

### **Development Aid**

- Is exempt from customs duties the importation of goods offered or financed to the State and other public entities, as well as to non-governmental institutions recognized by the State that exclusively pursue humanitarian, religious and social purposes, within the framework of international cooperation or by foreign entities or organizations or by Cape Verdeans residing in the country or abroad.

### **Patronage, customs benefits**

- The following goods are exempt from customs duties: (i) goods imported by persons carrying out non-profit activities, namely private social solidarity institutions or similar and legal persons of public utility pursuing social purposes, as well as public and private communication agencies engaged in the collection, processing and dissemination of information; and, (ii) goods imported by patrons for donation, provided that the beneficiary is legally constituted or, if not, registered with the central control service.



### **Permanent return of non-residents**

- The importation of personal goods and equipment, including a vehicle, made upon the definitive return to the country by non-residents is exempt from customs duties. For this purpose, are considered as such individuals of Cape Verdean nationality or origin who have had their habitual residence abroad for more than four years as a result of personal or professional ties.

### **Retired Foreign Citizens and Green Card Holders**

- Retired foreign citizens who obtain a residence permit, granted under the law, enjoy the following benefits: (i) exemption from customs duties on the import of a light vehicle for their own use, which can only be driven by the spouse, children or a driver hired by the beneficiary and legally authorized by the Customs Administration - for retired foreign citizens, the period for the enjoyment of this right is one year from the date of obtaining permanent residence; and, (ii) customs duty-free, under the terms of Decree-Law no. 23/2014, April 2 (amended by Decree-Law no. 39/2019, September 2) for the import of items of personal use and of household, including household effects.
- This benefit also covers foreign investors who are green card holders.

### **People with Motor Disability**

- The importation of wheelchairs and adapted motor vehicles for people with motor disability is exempt from customs duties, if the disability is proven by a medical document and by a technical opinion from the General Direction of Road Transport.

### **Health sector**

The importation of the following goods is exempt from customs duties:

1. New and modern equipment and machines, their accessories and maintenance parts, utensils and software, when carried out by the Health structures, which contribute to the improvement of the response capacity in terms of diagnosis and therapy in the country;
2. Medicines for human use, vaccines and immunotherapies;
3. Medical devices and their accessories;
4. Specialized medical transport vehicles, namely ambulances.

It is emphasized that the aforementioned exemptions are only granted after a favorable technical opinion from the competent services of the government department responsible for the health area.



### **Armed forces, fire department and prison officers**

- Are exempt from customs duties the materials for defense and policing, instruction, and barrack purposes, imported by the Armed Forces, National Police, Judiciary Police, Fire Department and Prison Officers, for the exclusive use of the respective corporations, namely armaments and uniforms, vehicles and motorcycles, transmission equipment, ammunition, and equipment for canine techniques.

## **2.3. Other Tax Benefits for Investment**

### **Differentiated Merit Project - DMP**

Law no. 80/IX/2020, of March 26, foresees the attribution of the Differentiated Merit Project (DMP) status, to investment projects that cumulatively meet the following requirements:

- a. The investment amount should be equal to or greater than CVE 1,500,000,000.00 (approximately EUR 13.6 million);
- b. They should contribute, in net terms, to improving the balance of payments;
- c. They should use technology, production and marketing processes that minimize environmental impacts or promote environmental sustainability;
- d. Have a recognized productive social effect, particularly in the creation of at least five skilled jobs, being considered as such, those requiring specialized technical training (either professional or higher education), including management

positions;

- e. Introduce factors that can contribute to the improved quality of goods on offer;
- f. Fulfill the general assumptions for the enjoyment of tax benefits foreseen in the Tax Benefits Code.

Investment projects that are attributed a DMP status are granted the following benefits:

- Tax and customs incentives, under the terms foreseen in the Tax Benefits Code, namely:
  - » Exemption from customs duties on the importation of goods and products linked to the main object of the investment project;
  - » Stamp tax exemption for financing operations aimed at investment;
  - » Exemption from the Property Tax (IUP) on the acquisition of real estate exclusively destined for the installation of the investment project.
- Co-participation of up to 50% of the costs with training and qualification of human resources during the first year of operation.

The DMP status is also attributed to investment projects with a value equal to or greater than CVE 500,000,000.00 (approximately EUR 4.5 million), when implemented in municipal territory with



an average gross domestic product (GDP) per capita, over the last three years, lower than the national average, and provided that it is under the organized accounting taxation regime and has its tax contribution situation in order. In addition to the tax and customs incentives provided for in the Tax Benefits Code, and among others, these investment projects benefit from:

- investment tax credit, under the terms foreseen in the Tax Benefits Code (deduction to the tax collection of 30% or 50% of the relevant investment);
- exemption from Property Tax (IUP) on the acquisition of property necessary for the development of its main activity, including the needs for expansion of this activity and during the first five years following the acquisition of said property;
- co-participation of up to 80% of the expenses with training and qualification of human resources during the first year of operation.

The foreign investor of an investment project that is attributed a DMP status may apply for Cape Verdean nationality, under the applicable legal terms.

Note that the beneficiaries of the DMP status, cannot, to date, enjoy the benefits provided by each status/project, as there is no complementary legislation that allows, in practice, the attribution of such benefits.

### **Status of Emigrant Investor**

Law no. 73/IX/2020, of March 2, establishes a set of tax incentives to be attributed to emigrants who make an eligible investment in Cabo Verde, namely:

- Exemption of taxation under IRPC (Corporate Income Tax) on dividends and profits distributed to the emigrant investor and originating from authorized foreign investment, under the terms of the IRPC Code;
- Exemption from customs duties on the purchase of materials for construction, expansion, or renovation of a first home, as well as furniture, appliances, and other imported goods, under certain conditions.

The regime covers emigrant investors permanently residing abroad, as well as pensioners and retirees who have emigrated abroad, earning pensions or income similar to that of the country of immigration.

It constitutes an eligible investment the application of capital in tangible or intangible assets in Cabo Verde, under the terms foreseen in the approved diploma, such as the creation of companies or branches in Cabo Verde, acquisition of equity interest, concession of procurements or supplementary payments in companies in which interests are held.



The beneficiaries of the Status of Emigrant Investor, cannot, to date, enjoy the benefits provided by each status/project, as there is no complementary legislation that allows, in practice, the attribution of such benefits

### **Differentiated Status for Second Residency Holders in Cabo Verde - Green Card**

The Differentiated Status for Second Residency Holders in Cabo Verde, approved and created by Law no. 30/IX/2018 of April 23, grants its holder a permanent residence permit in the country for an indefinite period of time, called a Green Card, and the possibility of exemption from the Property Tax (IUP) at the time of transfer, in the transfer by succession mortis causa and subject to a 50% reduction of the IUP due in the following ten years, by resolution of the Municipal Assembly of the Municipality where the property is located.

In case the Green Card holder is retired and the income that gave rise to the retirement was not generated in Cabo Verde, it benefits from exemption under the Personal Income Tax Code (CIRPS).

This economic policy measure aims to attract more investment, especially in the real estate sector, creating additional benefits for foreign citizens who purchase an apartment or house on the islands and whose GDP per capita is lower than the national average, to establish their second residence.

Ordinances no. 61/2021 and no. 62/2021, both dated December 30, completed the Green Card regime. Ordinance no. 61/2021 establishes the fees due for the instruction, issuance, replacement, family grouping and delivery of the Green Card, as well as defines the apportionment of such fees, and approves the model application form for the application, renewal and replacement of the Green Card. Portaria no. 62/2021 approves the model of the Green Card, as a Permanent Residence Permit, which can be requested at the service counters of Casa do Cidadão.

### **Status of Tourist Utility**

The Status of Tourist Utility, regulated by Decree Law no. 22/2020 of March 13, is attributed to tourist units and establishments, such as accommodation establishments, travel agencies, tour operators based in Cabo Verde, restaurants and alike, collective transport of tourists, promoters of tourist entertainment activities, including sports activities. This Status may be awarded in the modalities of:

- Installation, attributed to new tourist establishments or developments;
- Operation or exploitation, attributed to establishments or tourist developments that are already installed;
- Remodeling, attributed to establishments or tourist developments already installed, regarding improvement or expansion work projects.



The tourism units or establishments that are attributed this status enjoy several tax benefits, under the terms of the Tax Benefits Code, such as:

- Exemption from customs duties on the importation of goods and products linked to the main object of the investment project;
- Exemption from stamp tax on the contracting operations of financing destined to investments;
- Exemption from Property Tax on the acquisition of real estate exclusively destined to the installation of investment projects.

### **3. Investment Opportunities and Regulatory Framework**

#### **3.1 Tourism and Leisure**

##### **Relevant legislation**

- Bases of Public Tourism Policies (Law no. 85/VII/2011, January 10);
- Great options from the Strategic Plan for Sustainable Development of Tourism for 2018-2030 (Resolution no. 1/2019, of January 9);
- Status of Tourist Utility Regime (Decree Law no. 22/2020, March 13);
- Legal Regime of Special Tourism Areas (Decree-Law no. 75/

VII/2010, of September 2, as amended by Decree-Law no. 41/2016, of July 29);

- Approval Procedure for Building Projects in Integrated Tourism Development Zones (Decree-Law no. 87/2020, from December 18);
- Legal Regime of Access and Exercise of Travel Agency Activities (Decree-Law no. 32/2014 of June 27).

##### **Main business opportunities**

- Hotels, Resorts and Similar;
- Low cost air transportation;
- MICE (meetings, incentives, conferences & exhibitions);
- Rural tourism and ecotourism;
- Cruise Tourism;
- Water sports;
- Health tourism.

#### **3.2 Renewable Energies**

##### **Relevant legislation**

- Bases of the Electric System (Decree-Law no. 54/99, of August 30, amended and republished by Decree-Law no. 14/2006, of February 20);
- Cabo Verde's Electric Network Code Decree-Law no. 31/2019, of July 11);
- Provisions regarding the Promotion, Incentive, Access,



Licensing and Operation of the Activity of Independent Production and Self-Production of Electricity Based on Renewable Energy Sources (Decree-Law no. 1/2011, of January 3, as amended and republished by Decree-Law no. 54/2018, of October 15).

#### **Main business opportunities**

- Investments in renewable energy parks in the various islands;
- Possibility of entering into public-private partnerships.

### **3.3 Ocean Economy**

#### **Relevant legislation**

- Environment Policy Basic Law (Decree-Law no. 14/97, of July 1) and its respective Regulations (as amended by Decree-Law no. 59/2020, of August 5);
- Cabo Verde's Ports Law (Law no. 10/2010 of November 1, as amended and republished by Decree-Law no. 1/2013 of September 12);
- Bases for the Concession of Cabo Verde Ports (Decree-Law no. 31/2015, May 18);
- Regime of Previous Authorization for the Registration of Industrial Fishing Vessels in the Conventional Ship Registration (Decree-Law no. 48/2007, December 31, as amended by Decree-Law no. 3/2021, January 14);

- General Regime of Installation, Licensing and Operation of Agricultural Production Establishments (Decree-Law no. 15/2021, February 9);
- Special Maritime Economic Zone Regime in São Vicente (Law no. 94/IX/2020, of July 13).

#### **Main business opportunities**

- Atlantic logistic hub - container trans-shipment terminal;
- Desalination;
- Shipbuilding, repair and maintenance;
- Bunkering and port handling;
- Construction and management of a new deep water port and cruise terminal on the island of S. Vicente;
- Fishing industry;
- Creation of a Scientific and Technology Park of the sea and fisheries.

### **3.4 Digital Economy**

#### **Relevant legislation**

- Electronic Communications Network Infrastructure Construction Regime (Law no. 58/VIII/2014, of March 21);
- Creation of the partial reserve for the Technology Park of Cabo Verde (Decree-Law no. 68/2015, December 12).



### **Main business opportunities**

- Telecommunications infrastructures;
- Providing services to the domestic market and international traffic.

### **3.5 Agribusiness**

#### **Relevant legislation**

- Rules for granting agribusiness awards (Resolution no. 109/2013 of October 15);
- Animal Health Safety (Law no. 30/VIII/2013, of May 13);
- Rules for the Animal Production Sector (Regulatory Decree no. 12/2020, of October 8).

#### **Main business opportunities**

- Tourism value chain (product supplier);
- Strengthening of domestic production (vegetables, meat supply, eggs, etc., to replace part of imports);
- Hydroponic, greenhouse, and drip irrigation cultivation;
- Transfer of knowledge and production and transformation technologies.

### **3.6 PPP's and Concessions**

The Public Private Partnerships (PPP's) sector is managed by the Business Sector Monitoring Unit (UASE), part of the Ministry of Finance and Business Development.

#### **Relevant legislation**

- Public Procurement Code (Law no. 88/VIII/2015, of April 14, amended by Law 109/IX/2020, of December 31);
- Legal Regime of Administrative Contracts (Decree Law no. 50/2015 of September 23);
- Legal Regime of Licenses or Concessions for the Use of Natural Resources (Decree-Law no. 75/99 of January 29, as amended by Decree-Law no. 5/2013 of January 29);
- Water and Sanitation Code (Legislative Decree no. 3/2015, of October 19);
- Tariff Policy of the Water and Sanitation Sector (Decree Law no. 26/2016, of April 12);
- Reporting duties to the Agency for Regulation and Supervision of Pharmaceutical and Food Products (ARFA) by economic operators operating in the pharmaceutical products markets (Decree-Law no. 58/2015, of October 20);

#### **Main business opportunities**

- Airports;
- Seaports, ferry boats, handling and shipyards;
- Water and energy;
- Sanitation and waste;
- Fuels;
- Post Office;
- Telecommunications and information;
- Fishing;



- Pharmaceutical products.

## 4. Legal Factors Relevant for Investing

### 4.1 Tax regime

#### Relevant legislation

- Tax Benefits Code (Law no. 26/VIII/2013, of January 21, amended and republished by Law no. 86/IX/2020, of April 28);
- Corporate Income Tax Code (Law no. 82/VIII/2015, of January 8, as amended and republished by Law No. 116/IX/2021, of February 2);
- Personal Income Tax Code (Law no. 78/VIII/2014, of December 31, amended and republished by Law no. 116/IX/2021, of February 2);
- Stamp Tax Code (Law no. 33/VII/2008, of December 8, amended and republished by Law no. 5/IX/2016, of December 30);
- Customs Tariff (Law no. 20/VIII/2012, of December 14, amended by Law no. 49/IX/2019, of February 27, republished by rectification of 25/2019);
- Investment Law (Law no. 13/VIII/2012, of July 11, amended by Decree Law no. 34/2013, of September 24);
- Special Legal Regime for Micro and Small Enterprises (Law no. 70/VIII/2014, of August 27, amended by Law no. 44/IX/2018).

### 4.2 Labor regime

In the last decade, Cape Verdean labor legislation has been undergoing changes in terms of updating the labor relationship and the introduction of modern forms of work, such as temporary work and teleworking.

The incentives for the training and settlement of the young population are privileged, and there are professional internships and professional qualification initiatives.

#### Relevant legislation

- Labor Code (Legislative Decree no. 5/2007, of October 16, in the version republished by Regulatory Decree no. 1/2016, of February 3, republished on February 4, 2016);
- Rules and Incentives of Professional Internship in Private and Public Companies (Law no. 15/IX/2017, of September 12, amended by Law no. 14/IX/2018, of December 31)..

### 4.3 Incorporation of companies and the system of commercial companies

The incorporation of companies by foreigners is free, and the investor may choose between the creation of a limited company, a sole proprietorship limited company or a public limited company. The investor can choose between the more simplified incorporation procedure - the “Empresa no Dia” (“Company on the Day”) -, or the more time-consuming procedure, through



Registration at the Registry Office.

It is also possible to create a representation of a foreign entity, i.e. a branch or permanent establishment.

There are simplified, agile, and fast systems for incorporating companies, and the minimum capital to incorporate a commercial company is only 1 Cape Verdean escudo (EUR 0.01)

#### **Relevant legislation**

- Commercial Code (Legislative Decree no. 1/2019, of July 23);
- Commercial Companies Code (Decreto-Legislativo no. 2/2019, de 23 de julho);
- Commercial Registry Code (Decree-Law no. 20/2020, of March 6);
- Single Rate for the Creation, Alteration or Closure of Commercial Companies (Decree-Law no. 12/2014, of February 25);
- Investment Law (Law no. 13/VIII/2012, of July 11, amended by Decree Law no. 34/2013, of September 24);
- Project procedures in the One-Stop Shop for Investors (Decree-Law no. 42/2015, of August 27);
- Special Legal Regime for Micro and Small Enterprises (Law no. 70/VIII/2014, of August 27, amended by Law no. 44/IX/2018, amended by Law 86/IX/2020, of April 28).

#### **4.4 Licensing**

In cases where the licensing of the investment project is processed with Cabo Verde TradeInvest, this entity will initiate the processing of various legal and regulatory procedures that provide for the issuance of opinions, approvals, authorizations, decisions or licensing under the responsibility of the central administration necessary for the implementation of the project.

#### **Relevant legislation**

- Administrative Modernization Law (Law no. 39/VI/2004, February 2);
- Measures of administrative simplification and modernization (Legislative Decree no. 5/2020, June 21);
- General Bases of Administrative Procedure (Legislative Decree no. 18/97, of November 10);
- General Regime of Non-contentious Administrative Complaints and Appeals (Legislative Decree no. 16/97, of November 10);
- General Regime of Regulations and Administrative Acts (Legislative Decree no. 15/97, November 10);
- Measures applicable to Public Administration procedures (Decree-Law no. 12/97, of March 24);
- General Regime of Organization and Activity of the Central Public Administration (Legislative Decree no. 2/95, of June 20).



#### 4.5 Urban Planning

In Cabo Verde, the urban area is extensively regulated and the national, regional, inter-municipal and municipal coordination regime of the territorial management system, the general regime of land use and the regime of elaboration, approval, execution and evaluation of territorial management instruments are legally established.

In addition to the existence of a National Spatial Planning Policy, there is also planning at the regional level, through regional spatial planning schemes, and planning at the local level, with municipal master plans and detailed plans. Special plans are also of particular importance, such as the coastal zone management plans and the management plans for special tourist areas or industrial zones.

In recent years, an effort has been made to reform in order to simplify and streamline the process of planning and territorial management, strengthening municipal powers and responsibilities in these matters, administrative decentralization, and subsidiarity as a factor in strengthening local power.

It should be noted that there are works that are exempt from prior control, namely by legal or regulatory waiver.

#### Relevant legislation

- General Bases of the Land Use and Urban Planning Policy (Legislative Decree no. 1/2006, of February 13, as amended by Legislative Decree no. 4/2018, of July 6);
- National Regulations for Land Use and Urban Planning (Decree-Law no. 43/2010 of September 27, as amended and republished by Decree-Law no. 68/2018 of December 10);
- National Policy for Land Use Planning and Urbanism (PNOTU) (Resolution no. 24/2020, of February 18);
- City's Statute (Decree-Law no. 15/2011, February 21);
- Regime of Urban Operations (Law no. 60/VIII/2014, of April 23, 2014, amended by Law no. 42/IX/2018, of December 5);
- Urban Rehabilitation Regime (Decree-Law no. 2/2011 of January 3).

#### 4.6 Environmental Impact Assessment

The Government of Cabo Verde has continuously invested in projects of municipal investment, of the Central Administration and of companies and civil society organizations, in the field of environmental preservation and protection, namely through the Environment Fund.

In order to protect against significant environmental effects of public and private projects, Environmental Impact Assessment (EIA) procedures are in place for all types of projects. Environmental risk assessment is carried out against objectively



delineated evaluation criteria, and there is scope for adapting projects with the ultimate goal of preserving the environment in mind.

In protected areas, defined by law, protection concerns are heightened.

#### **Relevant legislation**

- Environment Framework Law (Decree-Law no. 14/97, July 1, as amended by Decree-Law no. 59/2020, August 5);
- Regulation of the Environment Basis Law (Legislative Decree no. 14/97, July 1, as amended by Decree Law no. 59/2020, August 5);
- White Paper on the State of the Environment in Cabo Verde (Resolution no. 104/VIII/2014, of May 21);
- Investment Directives for the Environment 2017-2021 (Resolution no. 108/2017, of September 25, amended by Resolution no. 103/2020, of July 27);
- Legal Regime of Environmental Impact Assessment of public and private projects likely to produce significant effects on the environment (Decree-Law no. 27/2020, March 19);
- Legal Regime of Protected Areas (Decree-Law no. 3/2003, February 24, as amended by Decree-Law no. 44/2006, August 28).

#### **4.7 Courts and Arbitration**

Cabo Verde is endowed with an independent judicial system, guaranteed by constitutional principles.

The judicial system comprises the Constitutional Court, the Court of Auditors, the Military Court of Appeal and the courts of justice. Within the judicial courts, there are courts of first instance, which are the ordinary courts in civil and criminal matters and hear all cases that by law are not assigned to another jurisdiction, courts of second instance (courts of Appeal) and the Supreme Court of Justice. Cabo Verde has legislation on arbitration (including tax arbitration), and this alternative means of dispute resolution is also provided for conflicts with the State, particularly under the Investment Law.

It is also important to mention that Cabo Verde is one of the signatory countries of the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, signed in New York on June 10, 1958.

#### **Relevant legislation**

- Civil Procedure Code (Legislative Decree no. 7/2020, of July 1);
- Tax Procedure Code (Law No. 48/VIII/2013, of December 20);



- Administrative Litigation Regime (Decree-Law no. 14-A/83, of March 22);
- Arbitration Law (Law no. 76/VI/2005, of August 16, 2005);
- Arbitration Regime as an Alternative Means of Jurisdictional Dispute Resolution in Tax Matters (Law no. 108/VIII/2016, of January 28);
- New York Convention (Convention on Recognition and Enforcement of Foreign Arbitral Awards, signed in New York on June 10, 1958).

## **QUESTIONS AND ANSWERS ABOUT CAPE VERDEAN INVESTMENT LAW**

### **1 - What procedures should I follow to invest under the Investment Law?**

Investment projects worth 5 thousand million escudos or more are submitted for recognition and subsequent follow-up through the Balcão Único do Investidor (BUI) - (One-Stop shop for Investors) -, which operates from Cabo Verde TradeInvest.

One-Stop shop for Investors allows for investor monitoring and access to services required for project approval (when required by law).

Investment projects are processed differently depending on

whether an Establishment Agreement is being negotiated within the scope of a project of national interest (see requirements for benefiting from the Establishment Agreement regime above) or not. The essential difference is that the Establishment Agreement implies a negotiation phase of its terms that does not exist in the general regime.

The approval of the project culminates in the issuing of a single authorization statement - the Investor Certificate - in the case of the general regime, or in the issuing of a Resolution by the a Council of Ministers, in the case of the negotiation of Establishment Agreement regime, which consolidate all the opinions, authorizations, decisions, or licenses within the competence of the central administration.

As far as procedural deadlines are concerned, Decree-Law no. 42/2015, of August 27, foresees, in its article 9, number 3, paragraphs a) and b), the reduction and simultaneous course of procedural deadlines, establishing a global decision deadline for investment projects.

### **2 - When should the request for investment project appraisal be made? What are the applicable deadlines?**

The request can be made at any time, in person or electronically, through Cabo Verde TradeInvest's One-Stop Shop for Investors, through a formal demonstration of investment.



Through the One-Stop Shop for Investors platform, the processes are analyzed together with several public institutions integrated in the process, taking into account the specific concerned sector.

All opinions, approvals, authorizations, decisions, or licenses under the responsibility of the Central Administration, including the Environmental Impact Statement, necessary for the realization of the project, are issued within a maximum overall period of seventy-five (75) days.

Under the Establishment Agreement regime, the time limit for the evaluation of investment projects is reduced to 60 (sixty) days. In particular cases, namely due to the complexity of the project, the periods referred to in the preceding paragraphs may be extended to a maximum of 15 (fifteen) days.

The overall decision period regulated in the present article does not apply to procedures for land acquisition, preparation, modification or suspension of urban management instruments, including the execution of allotment operations, urbanization works or land remodeling works.

### **3 - In what languages can investment projects be submitted?**

Investment projects may be submitted in Portuguese, Spanish, French or English. However, some sectorial diplomas require certain documents in Portuguese.

### **4 - What documents must accompany the application?**

The investment projects that follow the general regime must be accompanied by the following documents:

- i. Identification document of the promoter, in case of singular person, or certificate of commercial registration, in case of legal person;
- ii. Project presentation (“business concept”) or executive summary, being a maximum of 2 pages.

Investment projects that follow the establishment agreement regime must be accompanied by the following documents:

- i. identification document of the promoter, in case of singular person, or certificate of commercial registration, in case of legal person;
- ii. List of the main shareholders/partners, in case of a legal entity;
- iii. Curriculum vitae or document demonstrating the business capabilities of partners or shareholders holding more than 10% of the initial capital stock;
- iv. If the promoter is a foreign legal person, sufficient document



- proving the decision or authorization to invest or to initiate the registration process;
- v. If the promoter is a foreign legal person, and if the objective is to create a branch or other form of representation, certificate of commercial registration of the parent company;
  - vi. A complete business plan of no more than 35 pages, including a 2-page executive summary.

In both cases, since the incorporation of a corporate entity is at stake, it will also be necessary to submit:

- i. Articles of incorporation of the company;
- ii. Certificate of admissibility of the firm;
- iii. Statutes.

The application for recognition must also be submitted. After submission of initial documentation, the project will go through the recognition phase, which is an initial stage of the procedure that, once completed, allows for:

- The immediate contracting process, in the case of the establishment agreement regime, and the follow-up, in the case of the general regime, of the investment project;
- The designation of a manager, who will assume the role of single correspondent and who will monitor the projects closely.

Within five working days, Cabo Verde TradeInvest will acknowledge the projects, under penalty of tacit approval of the same

The recognition of a project forces the other responsible entities to collaborate for the approval of the project. On the promoter's side, it is obliged to provide all other documents necessary for the issuance of opinions, licenses and permits applicable to the project in question and the sector to which it applies.

### **5 - Where/how should the other requests for opinions, licenses, and authorizations legally required for the project in question be presented?**

Cabo Verde TradeInvest will initiate the processing of various legal and regulatory procedures that provide for the issuance of opinions, approvals, authorizations, decisions or licensing under the responsibility of the central administration, necessary for the implementation of the project.

### **6 - Which entity makes the decision to approve the investment project?**

Projects subject to the general regime are approved by the competent entity of the sector in question. Cabo Verde TradeInvest communicates the decision to the investor.

The investment projects under the Establishment Agreement



regime are approved internally by the Board of Directors of Cabo Verde TradeInvest and, subsequently, the final approval rests with the Council of Ministers, by means of a Council of Ministers Resolution.

The draft of the Establishment Agreement and its execution is approved by the Council of Ministers. The execution of the Establishment Agreement for projects of high national interest only takes place after the publication of the final decision of the Council of Ministers.

### **7 - What is the cost for the formulation of the application and approval of the investment project?**

Obtaining the approval of the licensing project from Cabo Verde TradeInvest does not imply any payment at the moment, although an investment fee is foreseen in the law in force for rendered services. However, it must be taken into account the costs of company incorporation and costs with fees provided for in specific sectoral legislation.

### **8 - What acts must be registered with Cabo Verde TradeInvest?**

The day after communicating the approval of the investment project to the investor, Cabo Verde TradeInvest must register it with Bank of Cabo Verde.

## **A - Investor Certificate**

The Investor Certificate is a document that proves that the investor holds the Investor Status. After the submission of the project, it is analyzed and forwarded to the competent entities for them to give their opinions. If they are favorable, it is submitted to the higher approval of the agency or authority, the certificate is issued and signed by the president of Cabo Verde TradeInvest and authenticated with the stamp of the institution.

To obtain this Investor Certificate, the applicant must submit the following documents:

1. Economic-financial feasibility study;
2. Copy of the identification document of each promoter;
3. Resume of the promoters or company history (if the applicant is a company);
4. Social pact and certificate of commercial registration;
5. Bank statement (newly formed company);
6. Declaration of the situation before the Tax Authority (company in operation);
7. Location plan;
8. Environmental impact study or waiver (when applicable);
9. Master Plan and/or Architectural Project approved by the competent authority and prepared in accordance with Decree-Law no. 14/94, of March 14 in conjunction with the General Regulations for construction and urban housing;



10. Quantified list of all materials to be consumed or used in the works and equipment (subject to customs exemption);
11. Execution and Implementation Schedule.

## **B - Tourist Utility Statute**

The projects that aim to obtain the Status of Touristic Utility must be submitted to Cabo Verde TradeInvest accompanied by a set of the following documents:

1. Project Summary with key economic/financial indicators (Executive Summary);
2. Copy of the promoters' identification document;
3. Resume of the promoters or Company history (if the applicant is a company);
4. Articles of Incorporation and Certificate of Commercial Registry;
5. Bank Statement (newly formed company);
6. Declaration of the situation before the Tax Authority (company in operation);
7. Declaration of Social Security status (company in operation);
8. Location plan;
9. Proof of ownership of the land;
10. Operating license (where applicable - for example in the case of expansion);
11. Environmental Impact Study or waiver (when applicable);
12. Proof of Approval;
13. Master Plan and/or Architectural Project, approved by the

competent authority and prepared in accordance with Decree-Law no.14/94, of March 14 in conjunction with the General Regulation of construction and urban housing;

14. Specifications and a quantified list of all materials to be consumed or used in the works and equipment (subject to customs exemption);
15. Execution and Implementation Schedule.

## **OTHER RELEVANT INFORMATION**

### **Initiatives, Documents and Information regarding Cabo Verde**

- abo Verde Renewable Energy Plan;
- Strategic Cooperation Programs Portugal-Cabo Verde 2017-2021 ([https://www.instituto-camoes.pt/images/cooperacao/pec\\_cv\\_1721.pdf](https://www.instituto-camoes.pt/images/cooperacao/pec_cv_1721.pdf))
- Government program materialized by the 2017-2021 Strategic Sustainable Development Goals;
- Memorandum of Understanding between the Governments of the Republic of Portugal and the Republic of Cabo Verde on the Strategic Cooperation Program for the five year period between 2015-2020 -([https://www.instituto-camoes.pt/images/cooperacao/me\\_ptcv\\_jan\\_2016.pdf](https://www.instituto-camoes.pt/images/cooperacao/me_ptcv_jan_2016.pdf))
- National Strategic Waste Management Plan (PENGeR), approved for the 2015/2030 timeframe;
- National Health Development Plan 2017-2021



- <http://www.minsaude.gov.cv/index.php/documentosite/plano-nacional-de-desenvolvimento-sanitario-do-msss/national-health-development-plan-2017-2021/504-pnds-volume-i/file>
- Protocol implementing the Fisheries Partnership Agreement between the European Community and the Republic of Cabo Verde (2019-2024) (resolution) - (Resolution)
- [https://www.europarl.europa.eu/doceo/document/TA-9-2020-0135\\_EN.html](https://www.europarl.europa.eu/doceo/document/TA-9-2020-0135_EN.html)
- Housing Sector profile of Cabo Verde, Prepared by the Government of Cabo Verde, through the Ministry of Infrastructure, Land Planning and Housing, MIOTH with technical assistance from UN-Habitat Cabo Verde, 2nd edition, published in Praia, Cabo Verde, Produced by: Government of Cabo Verde;
- Housing Sector Profile, Cabo Verde, 2nd Edition (2019);
- Study of Survey and Characterization of Commercial and Industrial Companies of the Island of São Vicente:  
[https://www.aneme.pt/site/wpcontent/uploads/2018/05/ESTUDO\\_CABO\\_VERDE\\_2017\\_FINAL.pdf](https://www.aneme.pt/site/wpcontent/uploads/2018/05/ESTUDO_CABO_VERDE_2017_FINAL.pdf)
- Report of the Platform Alimente CPLP - Impacts of COVID-19 in the Community of Portuguese Speaking Countries and ongoing responses for building more equitable and resilient food systems August/2020
- <https://alimentacplp.com/wp-content/uploads/2020/08/ClimateReport-CPLP-August-2020.pdf>
- Specific analysis regarding the indicators of economic freedom in Cabo Verde, according to The Heritage Foundation, Economic Freedom Index 2020 -
- <https://www.heritage.org/index/pdf/2020/countries/caboverde.pdf>



## **COOPERATION BETWEEN CABO VERDE TRADE-INVEST AND VPQ ADVOGADOS**

Organizations trigger mechanisms and processes of cooperation, solidarity, and strategic partnerships so that their objectives can be achieved more quickly and efficiently. In this sense it is common to implement a set of actions and mutual efforts directed to achieve the rationalization of means, use of synergies, cost reduction and also to give visibility and efficiency to each business area that the partner has defined as a priority.

Cabo Verde TradeInvest has the mission to promote, facilitate and monitor private investment, both domestic and foreign, as well as promote, facilitate and monitor the export of goods and services in all sectors of the national economy.

Therefore, the “Guide to the Regulatory Framework for Investing in Cabo Verde” was born from the collaboration between Cabo Verde TradeInvest and the local law firm VPQ Advogados, which belongs to the Morais Leitão Legal Circle network, in order to inform potential investors and all interested parties in general about the main conditions for investing in Cabo Verde, conditions that are applicable to foreign investments, but also to national investments.

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**PUBLIC ENTITY LINKED  
TO THE MINISTRY OF FINANCE**



INFO

Relevant commercial information and sectorial reports / informational graphs

**PUBLIC-PRIVATE APPROACH**



MEETINGS

Organization of work missions and political and/or technical meetings

**MEDIATION**



FACILITATING

Facilitate all phases of the project



SEARCH & FIND

Support in land concessions



AFTERCARE

AfterCare



MATCHMAKING

Matchmaking with local and/or international partners

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