



Renewable Energy Tax relief

TAX RELIEF

Renewable Energy

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.

PERSONAL INCOME TAX (IRPS) AND CORPORATE INCOME TAX (IRPC) – TAX CREDITS FOR INVESTMENT

The production and assembly of renewable energy equipment is eligible for a tax credit, reducing Capital Gains Tax (IUR) by 50% for applicable investments made in the renewable energy sector under the terms of the Investment Law. The credit may not exceed 50% of the tax due in any financial year but the deduction may be made in subsequent financial years, with this right expiring after the fifteenth tax year.

Eligible investment

The following are considered eligible: investments in tangible fixed assets, acquired new and for the purposes of investment projects in Cape Verde; investment in the acquisition of patents and licenses for the use of technologies that are certified by the relevant entity.

Non-eligible investment

The following are deemed ineligible: investments that are not directly connected with the primary purpose of the investment project, such as light vehicles, administrative equipment, furniture, and decorative and comfort items.

Stamp Duty Exemption

Financing transactions for investments made under the terms of the Investment Law are exempt from stamp duty.

Customs Duties Exemption

Entities within the renewable energy sector are exempt from customs duties on the import of goods, materials, equipment, machines, and collective and mixed transport vehicles that are for the purpose of the investment project, within the scope of the Investment Law. Imported vehicles and equipment over 5 years old do not apply for exemption. Entities that invest in this sector and are registered in the Industrial Registry are also eligible for exemption from customs duties on the import of goods, materials, and equipment relating to the primary purpose of the investment project, as well as materials that are involved or used in the production of goods or services directed at producing electricity from renewable sources.

Exemption from Property Tax (IUP)

Investments that involve the acquisition of property exclusively intended for implementing the investment projects are exempt from IUP, subject to approval by the relevant municipal body.

Other relief

- Job creation relief – deduction of IRPC per job created in the previous year, in varying amounts depending on the location of the entity and whether the employee is an individual with disabilities:
 - 26,000 CVE/236 EUR (Boa Vista, Sal, and Praia);
 - 30,000 CVE/272 EUR (other parts of the country);
 - 35,000 CVE/317 EUR for individuals with disabilities.
- Training, internships, and grants – 150% mark-up on costs incurred during the year for training, internships, and study grants, under the terms of the Tax Relief Code (CBF);
- Sponsorship – possibility of up to 130% mark-up on the year's costs relating to donations to the State and local authorities, as well as public utility, cultural, sporting, and technological entities, in accordance with the conditions of the CBF.

Contractual benefits/establishment agreement

- a) Investment above 550,000,000\$00 (five hundred and fifty thousand contos);
- b) That creates at least 10 (ten) direct jobs; and
- c) Is made in an area that falls under the government programme, may be eligible for previously agreed contractual benefits, within the scope of an establishment agreement.

Assumptions relating to the value of the investment and the creation of jobs are reduced by 50% when the investments are made outside the urban municipalities of Praia, Sal, and Boavista.