



Tax relief for the Industry sector

TAX RELIEF FOR THE INDUSTRY SECTOR

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

This tax relief for investment is granted through the deduction of IRPS or IRPC on 50% of applicable investments made in these sectors.

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 on the fifteenth tax year after the investment.

Eligible Investment for Tax Credits

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

Non-eligible Investment for Tax Credits

For these purposes, the following are deemed ineligible: investments that are not directly connected with the primary purpose of the investment project, namely the acquisition of land that is not destined for the extractive industry.

Stamp Duty Exemption

Financing transactions are exempt from this tax provided they relate to investments made in accordance with Cape Verde investment laws.

Customs Duties Exemption

Entities that operate in the industry sector are also exempt from customs duties on the import of goods, materials, equipment, merchandise transport vehicles or collective vehicles for the exclusive use of industrial establishments, when these are aimed at investment projects that fall within the scope of the Investment Law.

Imported vehicles and equipment over 5 years old do not apply for exemption. Industrial companies registered in the Industrial Registry are also eligible for exemption from customs duties on the import of certain goods relating to the primary purpose of the investment project, namely:

- a) raw and subsidiary materials, and finished and semi-finished materials, used to produce manufactured products as part of new industrial projects (including the pharmaceutical industry);
- b) materials that are included in or used to produce goods or services aimed at the production of electricity from renewable sources;

- c) materials for wrapping and packaging products manufactured by the beneficiary company.

Exemption from Property Tax (IUP)

The acquisition of property for the exclusive purpose of implementing investment projects could be exempt from IUP, with this relief being conditional upon agreement by the competent municipal body.

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.