

Madeira

General		
Type of entity	Limitada	SA
Type of law	Civil	Civil
Shelf company availability	No	No
Our time to establish a new company	15-45 days	15-45 days
Minimum government fees (excluding taxation)	EUR 1,000	EUR 1,000
Corporate Taxation	Varies	Varies
Double taxation treaty access	Yes	Yes
Share Capital or Equivalent		
Standard currency	Euro	Euro
Permitted currencies	None	None
Minimum paid up	Euro 2 (€1 in the case of a S.U)	Euro 50,000
Usual authorised	Euro 5,000	Euro 50,000
Directors or Managers		
Minimum number	1	1
Local required	No	No
Publicly accessible records	Yes	Yes
Location of meetings	Anywhere	Anywhere
Members		
Minimum number	Normally 2 (1 is possible)	Normally 5 (1 is possible)
Publicly accessible records	Yes	Yes
Location of meetings	Madeira (by proxy)	Madeira (by proxy)
Company Secretary		
Required	No	No
Local or qualified	No	No
Accounts		
Requirement to prepare	Yes	Yes
Audit requirements	No, but larger companies must	Yes
Requirement to file accounts	Yes	Yes
Publicly accessible accounts	Yes	Yes
Requirement to file annual return	No	No
Change in domicile permitted	Yes	Yes
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GENERAL INFORMATION

Introduction

The Madeira landmass encompasses approximately 770 sq km and is located in the Atlantic Ocean, 1,000 km from mainland Portugal and 870 km from North Africa. The topography is mountainous and the highest point is 1,862 metres. The scenery is spectacular and the vegetation diverse.

Population

The population is approximately 265,000 of which 100,000 live in the capital Funchal and are all mainly of Portuguese origin, with a small expatriate British community.

Political Structure

Madeira was discovered and colonised by the Portuguese in 1419 and partial political autonomy was eventually granted in 1976. Madeira is represented in Lisbon by five members who are elected by universal suffrage. Portugal has a written constitution, which defines the political structure and the role of the legislature.

The Madeira Regional Parliament is an elected body, which legislates on Madeira interests such as the budget, and its responsibilities are defined in the constitution. The Madeira Government cannot however, overrule decisions made by the Central Government in Lisbon nor override political unity with Portugal.

Infrastructure and Economy

Communications are good; there are six daily flights to and from Lisbon, the Portuguese capital, and Lisbon Airport is an international air transport hub. The flight from Lisbon to Madeira is one hour and thirty minutes. There are also flights from Madeira to other European countries including five direct scheduled flights a week to London.

Language

Portuguese is the national language; English is taught in schools and is used daily in commerce and international trade.

Currency

The Euro, €.

Exchange Control

None.

Type of Law

Civil Law.

COMPANY INFORMATION

Principal Corporate Legislation

Portuguese Companies Code (Código das Sociedades Comerciais).

Type of Company for International Trade and Investment

Sociedade por Quotas - Limitada (Lda) or Sociedade Anónima (SA).

In 1993, Portuguese legislation allowed the incorporation of Lda's or SA's with one sole quota/share holder for companies operating within the Madeira Free Trade Zone - so called "Sociedade Unipessoal" - Single Member companies.

Portuguese legislation provides for the incorporation of a pure holding company called SGPS (Sociedade Gestora de Participações Sociais).

Procedure to Incorporate

Once name approval has been obtained and a Licence obtained for the proposed entity to operate within the Madeira Free Trade Zone, an incorporation contract is signed and then registered at the Commercial Registry of the Madeira Free Trade Zone.

Restrictions on Trading

- A Madeira company cannot undertake any business that is not specified in its constitution.



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- A Madeira Company cannot undertake the business of Banking, Insurance, Assurance, Reinsurance, Fund Management and Asset Management (other than its own assets) and certain other activities without prior consent and licensing.

Powers of Company

The powers and objects of a Madeira Company are contained within its constitution and have to be specific.

Language of Legislation and Corporate Documents

Portuguese, but translations can be provided.

Registered Office Required

Yes, must be maintained in Madeira.

Shelf Companies Available

They are not available for new regime companies.

Time to Incorporate

For information on the new regime companies, please contact our Madeira office.

Name Restrictions

A name that is similar to or identical to an existing company. A name that in the opinion of the Registrar may be considered undesirable or offensive. A name that may imply an illegal activity. A name that may imply government patronage.

All Madeira companies must include words to describe clearly the objects of the company, e.g. consulting, engineering, marketing and trading.

Language of Name

Legislation was passed in September 1995 allowing the approval of foreign names for companies operating within the Madeira Free Trade Zone. A company name must refer to a company's main object clause.

Names Requiring Consent or a Licence

The Portuguese names and their foreign language equivalent for bank, building society, savings, loans, insurance, assurance, reinsurance, fund management, asset management, investment fund or any name that may imply an activity associated with the banking and insurance industries.

Suffixes to Denote Limited Liability

Limitada (Lda).

Sociedade Anónima (SA).

Disclosure of Beneficial Ownership to Authorities

None.

COMPLIANCE

Authorised and Issued Share Capital

€ 2 minimum authorised and issued for Lda (€1 in the case of a unipersonal company).

€ 50,000 minimum authorised and issued for SA.

Classes of Shares Permitted

Madeira Limitada (Lda) Companies do not issue shares. Instead quotas are registered at the Commercial Registry of Madeira and members are issued with notarised extracts from the Commercial Registry of Madeira to record their ownership.

Madeira Sociedade Anónima (SA) companies may issue registered or bearer shares with voting or non-voting rights.

Madeira Sociedade Unipessoal (Single Member) SA companies must issue registered shares with voting or non-voting rights.



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Taxation

As of 01.01.2012, there is only one Tax Regime applicable to all Madeira IBC companies, notwithstanding their incorporation and licence date.

This new regime establishes that companies will be generally subject to 5% income tax from 2013-2020, in respect to income derived from licensed activities and provided that such income is not obtained from Portuguese sources.

To be entitled to these benefits, the licensed companies should however comply with one of the following requirements:

- (a) creation of one to five jobs in the first six months and a minimum investment of €75,000.00 in the acquisition of tangible or intangible fixed assets, during the first two years; or
- (b) creation of six or more jobs in the first six months.

Furthermore, the referred reduced tax rates will only apply to certain limits of the annual taxable income, which depend upon the number of employees engaged by the MIBC company in each tax year, as follows:

- 1 to 2 jobs: € 2,000,000.00;
- 3 to 5 jobs: € 2,600,000.00;
- 6 to 30 jobs: € 16,000,000.00;
- 31 to 50 jobs: € 26,000,000.00;
- 51 to 100 jobs: € 40,000,000.00;
- More than 100 jobs: € 150,000,000.00.

The portion of the year's taxable income which exceeds the *plafond* applicable taking into account the number of employees engaged by the MIBC Company, will be taxed at the general income tax rate applicable in Madeira and which is currently 25%.

Double Taxation Agreements

Companies licensed to operate within the Madeira Free Trade Zone are for all purposes Portuguese resident, and therefore can in most cases benefit from the double tax treaties signed by Portugal.

Portugal has signed double tax agreements with the following countries: Algeria, Austria, Belgium, Bulgaria, Brazil, Canada, Cape Verde, Chile, China, Cuba, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, India, Ireland, Italy, Letonia, Lithuania, Luxembourg, Macau, Malta, Morocco, Mexico, Mozambique, Netherlands, Norway, Pakistan, Poland, Republic of Korea, Romania, Russia, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, Tunisia, Turkey, Ukraine, United Kingdom, USA and Venezuela. Negotiations are nearing completion with other countries.

Licence Fees

€ 1000 Application Fee and € 1,800 Annual fee. A discount of € 500 on the annual fee is granted to companies managed by a licensed management company provided that settlement of the fee is made within one month of the due settlement day.

Financial Statements Required

The accounts of a Madeira company must be prepared in the Portuguese language in accordance with Portuguese accounting rules. Normally the fiscal year ends on 31st December, and accounts must be approved by the shareholders before the 31st March of the following year. A tax form must be filed with the authorities before the end of May.

Directors

It is normal to appoint two directors to a Limitada and three to a SA. The directors must be natural persons of any nationality and need not be resident in Madeira (SA's may have a corporate director represented by a named individual).

Shareholders

The minimum number of shareholders for a Lda company is two, and five for a SA company. Companies incorporated as a "Sociedade Unipessoal" may have one shareholder.

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