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LABOUR PROCEDURE CODE REPUBLISHED

The Labour Procedure Code was recently amended and republished by Decree-Law 295/2009 of October 13th, which has implemented a set of changes justified by the need to correctly implement the new legal issues resulting from the revision of the Labour Code. The new Labour Procedure Code introduces new rules with the purpose of promoting the settlement of labour conflicts by mediation, allowing the suspension of the statute of limitations period in case of resource to the mediation. The new Labour Code also establishes relevant changes regarding the international competence of Portuguese Labour Courts. Between the main changes, the new law establishes a limit of time for which the employer shall be responsible for the payment of salaries of employees pending a lawsuit in case the dismissal is considered unlawful.

For further information on this matter please contact [Ricardo Rodrigues Lopes](#).

NEW WRITING OFF AND AMORTIZATION REGIME

The Administrative Decree nr 25/2009, which introduced the New Writing Off and Amortisation Regime was recently published as a consequence of the amendments to the Portuguese Corporate Income Tax, with the purpose of adapting the rules of calculation of the taxable profit to the new International Accounting Standards. This new Administrative Decree revokes the Administrative Decree nr 2/90, of January 12th, and shall be applicable for the tax periods beginning on or after January 1st, 2010. One should note that the writing off and amortisations shall now be accepted from a tax point of view not only when accounted for in the tax period in which their acceptance is claimed but also when accounted for in previous years.

For further information on this matter please contact [Catarina Pontes](#).

AMENDMENTS TO THE REAL ESTATE MUNICIPAL TAX

The Decree 1119/2009 entered in force on October 1st establishing an update in the zoning with the introduction of homogeneous zones and a decrease of some location coefficients. The location coefficients are one of the main elements in the calculation of the tax value of a property and it may vary between 0.4 and 2. In cases of residences located in rural areas, the coefficient may be reduced to 0.35 and in areas of high market value it may be increased up to 3. It is also established the update of the location coefficients every three years.

For further information on this matter please contact [Catarina Pontes](#).

INVESTMENTS IN ANGOLA WITH ATTRACTIVE TAX REGIME

The investment made in Angola by Portuguese companies has an attractive tax regime in view of the elimination of double taxation of the profits distributed by Angolan

companies to Portuguese companies. The Portuguese tax regime foresees a tax cut since the profits distributed by Angolan affiliates to Portuguese companies shall not be added to the profits of the Portuguese company for purposes of accessing the taxable profit. . This represents a huge tax advantage. The conditions to benefit from such tax regime are the following: (i) the beneficiary company must be subject to Corporate Income Tax and the Angolan affiliate may not have an exemption of Industrial tax in Angola; (ii) the Portuguese company should hold a share of at least 25% of the Angolan affiliate and (iii) during at least two years the profits have been tax at a tax rate not lower than 10% and such profits do not result of certain listed activities.

For further information on this matter please contact [Tânia Pinheiro](#).

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PORTUGAL SIGNS AN AGREEMENT OF EXCHANGE OF TAX INFORMATION WITH GIBRALTAR

Portugal has signed on October 14th the first agreement of exchange of information on tax matters with Gibraltar, which is well known for its favourable tax regime. The agreement will allow the Portuguese tax authorities to request to Gibraltar's competent authorities information considered relevant for the correct evaluation of the tax situation of a specific taxpayer, including information about deposits and the ownership of companies, foundations trusts, investment funds and others with the purpose of avoiding tax fraud.

For further information on this matter please contact [Ana Castro Gonçalves](#).

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AIP AND AEP INCORPORATE A NEW BUSINESS ASSOCIATION

Last October 15th an agreement with the purpose of merging two Portuguese business associations, Associação Industrial Portuguesa (AIP) and Associação Empresarial de Portugal (AEP) was signed. The merger shall create one of the most important representative structures of Portuguese companies. It is expected that this new entity, which will be named Confederação Empresarial de Portugal (CEP), will be completely merged within one year, which is the period of time required for the complete integration of the services now offered by AIP and AEP. It is expected that the head Office will be in Lisbon and that after the merger CEP shall represent over 200 thousand Portuguese companies.

For further information on this matter please contact [Jorge Ribeiro Mendonça](#).

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