



Portugal (Madeira) Fact Sheet

GENERAL INFORMATION

Company type	Limited Liability Company/Limitada (Lda).
Timeframe for company formation	10 - 14 days*
Governing corporate legislation	Madeira companies are regulated under the Portuguese Commercial Companies Code.
Legal system	Civil Law
Corporate taxation	Madeira's corporate tax rate is 14.7% (11.9% up to 25,000 € taxable profit). Licensed Madeira International Business Centre's companies can apply a reduced CIT rate of 5% under certain conditions.
Accessibility of records	Upon registration of the company, the names of company officers and shareholders will appear on public record.
Time zone	GMT
Currency	EUR

SHARE CAPITAL

Standard currency	EUR
Standard authorised capital	Not applicable
Minimum paid up	EUR 2

SHAREHOLDERS, DIRECTORS AND COMPANY OFFICERS

Minimum number of Shareholders	1
Minimum number of Directors	1
Locally-based requirement	No
Bearer shares	No

SHAREHOLDERS, DIRECTORS AND COMPANY OFFICERS

Requirement to appoint Company Secretary	No
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ACCOUNTING REQUIREMENTS

Requirement to prepare accounts	Yes
Requirement to appoint auditor	Ldas are not subject to compulsory audits
Requirement to file accounts	Yes
Accessibility of accounts	Yes
Requirement to file annual return	Yes

DOCUMENT REQUIREMENTS**

- Certified copy of valid passport
- Certified copy of a proof of domicile dated less than three months in English or translated into English
- Curriculum vitae
- Last 3 months' bank statement

INCORPORATION FEES

Initial set-up and first year	USD 3850
Per year from second year	USD 2250

GOOD TO KNOW

As well as the low Corporate Tax rate of 14.7% (11.9% up to 25,000 € taxable profit), there are many other benefits of doing business in Madeira. For example, the island of Madeira is an autonomous region of Portugal and part of the European Union.



JURISDICTION INFORMATION

Officially the Autonomous Region of Madeira (Portuguese: Região Autónoma da Madeira), is one of two autonomous regions of Portugal, the other being the Azores. It is an archipelago situated in the North Atlantic Ocean, in a region known as Macaronesia, just under 400 kilometers to the north of the Canary Islands and 520 kilometers west of the Kingdom of Morocco. Madeira is geologically located on the African Tectonic Plate, notwithstanding being culturally, sociologically, economically, and politically European as is its southern archipelago neighbor.

POLITICAL STRUCTURE

Due to its distinct geography, economy, social and cultural situation, as well as the historical autonomic aspirations of the Madeiran island population, the Autonomous Regions of Madeira was established in 1976. Although it is a politico-administrative autonomic region the Portuguese constitution specifies both a regional and national connection, obliging their administrations to maintain democratic principles and promote regional interests, while still reinforcing national unity. As defined by the Portuguese constitution and other laws, Madeira possesses its own political and administrative statute and has its own government. The branches of Government are the Regional Government and the Legislative Assembly, the later being elected by universal suffrage, using the D'Hondt method of proportional representation.

ECONOMY

The Gross domestic product (GDP) of the region was 4.9 billion euros in 2018, accounting for 2.4% of Portugal's economic output. GDP per capita adjusted for purchasing power was 22,500 euros or 75% of the EU27 average in the same year. The GDP per employee was 71% of the EU average.

POPULATION

The island was settled by Portuguese people, especially farmers from the Minho region, meaning that Madeirans (Portuguese: Madeirenses), as they are called, are ethnically Portuguese, though they have developed their own distinct regional identity and cultural traits. The region of Madeira and Porto Santo has a total population of just under 256,060, the majority of whom live on the main island of Madeira 251,060 where the population density is 337/km²; meanwhile only around 5,000 live on the Porto Santo island where the population density is 112/km². About 247,000 (96%) of the population are Catholic and Funchal is the location of the Catholic cathedral.

LANGUAGE

European Portuguese is spoken throughout Madeira, but English is also widely spoken.

TAXATION

Companies incorporated and domiciled in different regions of Portugal are subject to different corporation tax rates. When a company is established in mainland Portugal, its taxable profits are hit with a corporate income tax rate of 21%. But the regular corporate tax rate for a Portuguese company based in the Autonomous Region of Madeira is only 14.7%. The Autonomous Region of Madeira is the most tax-friendly region in Portugal for business and investment. In addition to the benefits mentioned above of establishing a company in Madeira, the first EUR 25.000 of taxable profit earned by a Portuguese company registered in Madeira and qualifying as a small and medium enterprise is 11.7%. Starting a business in Portugal in 2022, specifically on Madeira Island, can entitle the said company to a corporate income tax rate of 5%. Companies that provide international tradable services duly registered and licensed within the Madeira International Business Centre (MIBC) are entitled to the lowest corporate tax rate in the European Union.

Companies operating from within the MIBC and that have their labor force working from the island benefit from the abovementioned corporate tax rate but also the following tax benefits:

Non-resident single and corporate shareholders of Madeira's IBC companies will benefit from a total exemption from withholding tax on dividend remittances from the Madeira companies, provided that they are not resident in jurisdictions included in Portugal's "black list". Moreover, Portuguese corporate shareholders will also be exempt if holding a participation of at least 10% for 12 consecutive months.

In addition, the following benefits will be applicable:

- Exemption on capital gains payments to shareholders not resident in blacklisted jurisdictions;
- No withholding tax on the worldwide payment of interest, royalties and services.

VALUE-ADDED TAX (VAT)

There are three VAT rates: the standard rate of 23% (22% in the Autonomous Region of Madeira; 18% in the Autonomous Region of the Azores), the reduced rate of 13% (12% in Madeira; 9% in the Azores), and the super reduced rate of 6% (5% in Madeira; 4% in the Azores).

The reduced rate is applicable to the supply of some food products, some food and beverage services, musical instruments, agricultural tools or ornamental flowers.

The super reduced rate is applicable, among others, to the supply of some essential food products, periodic publications, books, pharmaceutical products, hotel accommodation, agricultural products, passenger transport, supply and installation of solar thermal and photovoltaic panels, as well as respiratory protective masks and disinfectant gel.

Exports and intra-EU supplies of goods are zero-rated.

COMPANY FORMATION INFORMATION

INCORPORATION PROCEDURE

The main corporate law in Madeira is the Portuguese Commercial Companies Code (Codigo das Sociedades Comerciais). Specified powers and objects of the company must be fixed in the Charter. Corporate documentation should be maintained in Portuguese, but translations are acceptable. The procedures for incorporation are simplified as much as possible, so its process can take no more than 3-4 days.

INCORPORATION TIMEFRAME

The procedures for incorporation are simplified as much as possible, so its process can take no more than 10-14 days*.

TRADING RESTRICTIONS

Madeira companies cannot undertake the business of banking, insurance, financial services, consumer credit, and similar or related services.

NAME RESTRICTIONS

A Madeira Limited Liability Company name must end with Limitada or Lda. Restricted names include names that are identical or too similar to an existing company or any name which would be considered offensive or suggests criminal activity. The following names or their derivatives require a licence or other Government Authorization: "assurance", "benevolent", "building society", "Chamber of Commerce", "municipal", "university", or their foreign language equivalents.

CORPORATE DOCUMENTS LANGUAGE

Portuguese and English

NOTES

* Subject to the constraints of the due diligence procedure.

** Documents must be provided for every person related to the company.

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