

NATIONAL ASSEMBLY

Law No. 32/V/97 Of 30 June

By mandate of the people, under the terms of subparagraph b) of article 186, and subparagraph a) of No. 2 of article 187 and subparagraph i) of article 186 of the Constitution, the National Assembly decrees the following:

Article 1 (Alterations)

The articles 2, 3, 6, No. 1 subparagraphs a) and b), 7 No. 1 subparagraphs a) and b), 11, 14, 15 and 16 of the Law No. 43/III/88, of 27 December, will read as follows:

Article 2

(Objective of the International Financial Institutions)

1. The international financial institutions have as principal objective the execution of international financial operations with non-residents in Cape Verde, in foreign currency.
2. The international financial institutions may further execute, with residents, financial operations relevant to the development of Cape Verde, as long as the Minister responsible for the area of Finances authorizes them, having heard the Bank of Cape Verde.
3. The institutions and the operations referred to in No. 1 are subject to a special regime, derogatory of the general norms that regulate the country's monetary, financial and exchange market. The regime consists in total liberty to execute contracts, without the need for prior authorization or knowledge of any monetary, exchange or financial authority, namely by freely maintaining and moving deposit accounts in foreign currency before non-resident institutions.
4. In what has not been foreseen in the legal and regulamentary dispositions regarding the activity of international financial institutions, the juridical regime for the credit and banking institutions is applicable.

Article 3

(International Financial Operations Permitted)

1. The international financial operations permitted by the preceding article include, namely:
 - a) ...
 - b) Insurance activities under any of its forms:

- c) ...
 - d) ...
 - e) Loan, factoring, stock brokerage and measurement in the monetary exchange markets, patrimonial management and group purchases;
 - f) Management of pension funds;
 - g) Those that the Minister responsible for the financial area authorizes, having heard the Bank of Cape Verde.
2. The international financial institutions can not, under any circumstance, exercise pension funds insurance and management activities in accumulation with other international financial operations

Article 6

(Forms)

1. ...
- a) Branches of credit, para-banking and insurance institutions;
 - b) Autonomous entity constituted in Cap Verde, in accordance with existing laws, with juridical personality, and authorized by the government to exercise international financial activity, within the conditions imposed by law.
2. ...

Article 7

(Mandatory Denomination)

1. ...
- a) The name of the applicant, as it is registered in the country of origin, as well as the expression "exterior financial branch of Cape Verde", in the case of subparagraph a) of No. 1 of article 6;
 - b) The name adopted by the autonomous entity indicated in subparagraph b) of No. 1 article 6 as well as the expression "international financial institution" or the respective initials "I.F.I."
2. It is mandatory to display the elements referred to in the preceding number in a highly visible place at the installation and on all documents and correspondence. This is done to avoid inducing the public into error regarding the ambit of the operations that can be carried out.

Article 11

(Management)

The management of the international financial institutions should be entrusted to the smallest possible number of persons, who will maintain permanent residence in Cape Verde and may, legally and statutorily, obligate the autonomous society or establishment. They must also retain sufficient powers to take care of and resolve all matters pertaining to the exercise of the respective activity in Cape Verde.

Article 14

(Fiscal Benefits to the Partners)

The partners to the constitution of the social capital of the autonomous society referred to in article 6, subparagraph b), No. 1 of the Law No. 43/III/88, of 27 December, are entitled to the following fiscal benefits, without further formalities:

- a) Consideration of the totality of their participation in the social capital of the constituted society as costs of the exercise in the IUR of the exercise said IUR pertains to;
- b) IUR exemption for the revenues from interests and other forms of remuneration from supply, bonuses or advancements of capital made by the partners to the society, to the profits attributed to the partners by those societies, as well as the results from interests and other forms of remuneration owed by the fact that the partners did not withdraw the profits or remunerations placed at their disposal;
- c) Municipal tax exemption on assets that integrate the patrimony of the respective autonomous entity, for "sisa" or over patrimony, on onerous or gratuitous transmissions, as the case may be.

Article 15

(Fiscal Benefits to the International Financial Institutions)

The international financial institutions enjoy the following fiscal benefits:

- a) Municipal tax exemption for "sisa" and over the patrimony deriving from the acquisition of real estate assets destined for their installations;
- b) Exemption from duties, consumption taxes and general customs emoluments in the import of materials and equipment assets destined exclusively to their installations;
- c) Exemption from IUR until 31 December 2017;
- d) Exemption from taxes and municipal taxes;
- e) For the purpose of IUR for the exercise to which the IUR pertains, consideration of the totality of the profits effectively reinvested in any industrial

activity, as cost of the exercise. The same applies to expenses made to train their personnel of cape-verdian nationality.

- f) Fiscal stamp tax exemption in all the acts it practices and in operations of any sort it carries out, either on its own account or for someone else. Specifically, interests paid or collected, commissions, mandates and orders it executes, remunerations of any type it pays or receives, and contracts of which it is a part.

Article 16

(Fiscal Benefits to the Clients)

Singular and collective persons, residents and non-residents relative to the capitals they retain out-of-country, that contract international financial institutions as clients of the services the former may legally provide, are entitled to the following fiscal benefits:

- a) Exemption of IUR, regardless of the category attributed to the profits received;
- b) Fiscal stamp tax exemption in all the acts it practices and in operations of any sort it carries out. Specifically, remunerations of any type it receives or pays, with interest, prizes or dividends, or capital gains it earns with the alienation of assets;
- c) Exemption of municipal taxes over the patrimony.

Article 2

(Additions)

Articles 2-A, 17 and 18 are added to the Law No. 43/III/88, of 27 December, written as follows:

Article 2-A

(Financial Operations With Tax-Free Enterprises)

International financial institutions are equally permitted to carryout any operations with tax-free enterprises legally established in Cape Verde.

Article 17

(Limits to the Disposition of Assets)

The transmission of assets acquired or imported with fiscal benefits are subject to authorization by the Government. They are liable to pay the taxes, duties and other impositions calculated on the basis of their customs value recognized or accepted on the date of the transmission.

Article 18

(Oversight)

All the persons that have been conceded fiscal benefits by this diploma are subject to oversight by the General Directorate of Contributions and Taxation and other competent entities. The oversight is for control and verification of the presumptions of the respective fiscal benefits and compliance with the obligations imposed to the rights and benefits titleholders.

Article 3

(Regulation)

The Government shall regulate this law.

Article 4

(Modifications and Publication)

1. The modifications resulting from this Law shall be considered as parts of the Law No. 43/III/88, of 27 December. It shall be inserted therein by means of substitution and addenda of the altered or changed subparagraphs, numbers and articles.
2. Articles 9 and following of the Law No. 43/III/88, of 27 December, should be numbered so as to guarantee logic coherence with the alterations produced in this Law.

Article 5

(Revocation Norm)

Article 8 of the Law No. 43/III/88, of 27 December, and Decree-Law No. 109/89, of 30 December, are hereby revoked.

Article 6

(Effective Date)

This law goes into effect immediately.

Approved on 28 May 1997.

The President of the National Assembly, *António do Espírito Santo Fonseca*

Promulgated on 19 June 1997

Let it be published.

The President of the Republic, ANTÓNIO MANUEL MASCARENHAS GOMES
MONTEIRO

Signed on 23 June

The President of the National Assembly, *António do Espírito Santo Fonseca*