



International Business  
Centre of Madeira

## **Registration Guide**

### **International Shipping Register of Madeira - MAR**

**Commercial Vessels, Oil-Rig Platforms, Commercial and Pleasure Yachts**

**June 2008**

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## **PART I - INTRODUCTION**

### **1 – Foreword**

The present guide aims to provide shipowners, marine and ship consultants and any other entity interested in the International Shipping Register of Madeira - MAR with the most relevant information regarding all the procedures and steps for the registration of commercial vessels and yachts, as well as the incorporation of shipping companies within the ambit of the International Business Centre of Madeira (IBCM). All the relevant operational issues are addressed, such as the registration procedure and required documentation, tax regime, applicable fees, Portuguese company law, labour law, company incorporation procedures and other general information.

Also included are examples of forms and documents required for the registration of vessels and yachts and for the incorporation of a shipping company in the IBCM.

A list of all the relevant contact details of entities in Madeira and the full texts of the applicable legislation may be downloaded at <http://www.ibc-madeira.com/documentLibrary/>.

### **2 - The International Business Centre of Madeira**

The International Business Centre of Madeira has been created to attract foreign direct investment in order to diversify and modernize the island's economy. It has been conceived as a programme of regional development and it is a regime of State aid fully approved and supported by Portugal and the European Union. The IBC of Madeira has been created with the objective of providing investors with a unique package of benefits, offering a wide range of solutions to enhance the efficiency and performance of various forms of investment. The wide scope of activities which may be carried out, ranging from manufacturing and trading to shipping activities, and the various synergies which can be found among themselves, demonstrate that the IBCM has been carefully structured to serve the investor with a global package.

Such fact, coupled with the IBCM's full integration in the Portuguese and E.U.'s legal systems, have made of Madeira not only an efficient investment location, but also a well-regulated business centre recently regarded by the OECD as a model to follow.

The International Shipping Register of Madeira - MAR was created under the framework of the IBCM, aimed at giving the island of Madeira a predominant role in shipping and, as Portugal's second and international shipping register, to contribute to reduce the country's "flagging out" process, attracting new shipowners and vessels.

### **3 – The role of S.D.M.**

S.D.M. – Sociedade de Desenvolvimento da Madeira, S.A. is a mixed capital company appointed by the Regional Government of Madeira to promote and administer the International Business Centre of Madeira, including the International Shipping Register of Madeira – MAR.

The licensing process for the incorporation of companies within the legal framework of the IBC of Madeira is carried out through S.D.M., which will issue the respective license after authorization granted by the Regional Government of Madeira. S.D.M. is also responsible for collecting the fees due to the Regional Government of Madeira by companies licensed in the IBC of Madeira and vessels registered in MAR.

In addition, institutional and operational support is provided by S.D.M. by acting as a one-stop-shop and intermediary between the companies and shipowners and all the relevant local entities. A network of representative offices around the world has been established, providing support since the early stages of the registration of vessels and yachts in MAR or company incorporation in the IBC of Madeira. The contact details of S.D.M.'s network of representative offices may be consulted at <http://www.ibc-madeira.com/WorldOffices/>.

#### **4 – The Technical Commission of MAR**

MAR has a Technical Commission composed of a President, directly appointed by the Portuguese Ministry of Transportation, a representative of the Madeira Autonomous Region and a representative of the IPTM – The Portuguese Institute for Ports and Maritime Transportation. The maritime background and technical expertise of all members of the Technical Commission assures the full understanding of the maritime transportation business and the implementation of fast procedures.

The duties of the Technical Commission of MAR include the registration process of commercial vessels, oil-rig platforms and yachts, as well as the establishment of the crew composition. The Technical Commission is also responsible for the issue of on-board documentation and recognizes certificates issued by the IPTM and classification societies.

#### **5 – IPTM – Instituto Português e dos Transportes Marítimos**

IPTM – The Portuguese Institute for Ports and Maritime Transportation is the Portuguese authority responsible for the supervision, regulation and inspection of the maritime sector, as well as for the management and administration of the ports under its jurisdiction.

The Technical Commission of MAR works in articulation with IPTM in what regards the recognition of crew competency certificates, as well as on the carrying out of surveys to vessels registered in MAR.

#### **6 - About Madeira**

Madeira, an integral part of Portugal fully integrated in the E.U., is located in the Atlantic Ocean, 900 km southwest of Lisbon. The archipelago, with a total population of nearly 254,000 inhabitants, has the city of Funchal as its most important centre. Funchal is a very cosmopolitan city due to a long-established tradition in tourism.

The Portuguese Constitution of 1976 granted political and administrative autonomy to Madeira. From a political point of view, such fact means that Madeira has its own government and legislative assembly (parliament). However, this autonomy cannot override the supreme power and political unity of the Portuguese Republic.

The Madeira Regional Assembly is elected by the residents of the island and has the power to create laws in areas of special importance to the region, provided such laws do not contradict

the Constitution and the general laws of the Republic. This power is also restricted by the fact that the Regional Assembly can only create laws in areas where the Assembly of the Portuguese Republic has no exclusive powers.

The Regional Government is politically responsible before the Regional Assembly and its President is appointed by the Minister of the Republic, having considered the results of the elections to the Regional Assembly. The Regional Government defines the political course of Madeira, namely creating regional regulatory decrees and supervising the public services.

One of the main characteristics of Madeira is its political stability, with the Social Democratic Party in power with an absolute majority since 1976. The President of the Regional Government has remained unchanged since 1978.

Madeira has observed a significant development in social and economic terms in the last decade, with substantial investments in infrastructure. Examples of this development are the new International Airport, which was expanded in 2000, the new road network and the new harbour, recently concluded.

This growth has been accompanied by a sustained increase in the levels of productivity and GDP per capita, which reached, respectively, 116% and 121% of the national average in 2003.

It should also be noted that Madeira has been classified as an ultra-peripheral region of the E.U., as recognised by article 299º nº 2 of the E.U. Treaty, granting a special status to Madeira.

### 1 – About MAR

MAR is a credible and competitive alternative compared to other international registers, maintaining the quality levels and the safety culture of an E.U. register. In fact, MAR has implemented high quality standards regarding the vessels that are accepted for registration and, as a consequence, MAR is not regarded by the ITF as a flag of convenience and has contributed significantly for the inclusion of the Portuguese flag in the Paris MOU White List. This international recognition of the quality associated to MAR contributes to less frequent and thorough inspections carried out by Port State Control authorities to vessels registered in MAR.

All entities undertaking the maritime transportation of persons and goods may register vessels in MAR, flying the Portuguese flag and having therefore full access to continental and domestic cabotage. Such entities may be companies, branches, agencies, or legal representations licensed or not to operate within the framework of Madeira's International Business Centre. Commercial vessels, oil-rig platforms and commercial and pleasure yachts may be registered in MAR, benefiting from the services of the Private Commercial Register and Notary of Madeira's IBC.

Entities licensed within the framework of the International Business Centre of Madeira and whose activity is that of maritime transportation will be part, for all due effects, of Madeira's IBC. Such entities with vessels registered in MAR will fully benefit from the tax incentives provided by Madeira's IBC.

### 2 – Tax regime

#### *Vessels and Yachts*

Crew aboard commercial vessels and yachts registered in MAR benefit from a very competitive social security regime. In fact, Article 25º of Decree-Law nº 96/89, of the 28<sup>th</sup> of March stipulates that ship-owning companies with vessels registered in MAR and their respective crew are not obliged to contribute to the Portuguese social security regime. However, the crew may choose the Portuguese voluntary social security regime or any other type of protection scheme including the P&I Club. Decree-Law nº 40/89, of the 1<sup>st</sup> of February, rules the voluntary social security system.

In addition, the wages of the crew of commercial vessels and yachts registered in MAR are also exempt from personal income tax, according to Article 33º nº 8 of the Tax Incentives Statute.

#### *Shipping companies*

It is not mandatory to incorporate a company in Madeira's IBC in order to proceed with the registration of a ship in MAR, although some form of legal representation must be nominated with all necessary powers to assure full representation before the State and Regional authorities. In the case a company is formed, the tax regime of the IBC of Madeira is fully applicable.

The present regime of tax benefits allows the incorporation of new entities within the ambit of the IBC until the end of 2013, granting significantly reduced corporate tax rates until 2020, as evidenced in the following table:

APPLICABLE TAX	YEARS
3%	From 2007 to 2009
4%	From 2010 to 2012
5%	From 2013 to 2020

The distribution of dividends to shareholders of shipping companies operating within the legal framework of the IBC of Madeira is exempt from withholding taxes, regardless of nationality or place of residence of the shareholder.

All companies licensed to operate in the International Business Centre may also benefit from the large network of international treaties to avoid double taxation ratified by Portugal. The list of treaties may be consulted at <http://www.ibc-madeira.com/>.

The fiscal regime applicable within the ambit of the IBC of Madeira is set by Articles 33º, 34º and 34º-A of the Tax Incentives Statute.

#### **VAT**

Yachts registered in MAR will benefit from the application of a 14% VAT rate on registration, the lowest in the E.U. from the 1<sup>st</sup> of July 2008. In addition, in case the yacht is engaged in charter activities there will be a total reimbursement of the VAT paid on registration and no VAT will be applicable to ocean-going commercial yachts on repair and maintenance operations, as well as fuel and oil supply in open sea, according to Article 14º of the Portuguese VAT code.

## PART III - Registration of commercial vessels and oil-rig platforms

### 1 – Formalities

Various documents and information on the vessel are submitted to the Technical Commission of MAR for analysis and initiation of the registration process:

- Owner and/ or operator's contracts, mortgages or other liens relating to the vessel;
- Purchase certificate of the vessel (bill of sale);
- Vessel's name and two other alternative names;
- Application for the attribution of a call sign, as well as description of communication equipment;
- Certified copy of the register Tonnage Certificate;
- Name of classification society;
- Vessel's characteristics and propulsion system;
- Shipyard and year of construction;
- Copies of the vessel's certificates including those of the classification society;
- Copy of the ship Station Licence;
- Tonnage measurement data.

The Technical Commission of MAR will decide, according to the ship's records, age and detention history, if a survey will be carried out before registration. A survey is also carried out in the absence of any of the following recognised certificates:

- Transcript of registry (from any previous registration);
- Deletion certificate.

### 2 - Permanent registration

Vessels must deliver proof of the deletion of the previous registration, if applicable. However, a document issued by the competent maritime authorities, stating that the deletion of the previous registration was requested, may be initially accepted by MAR.

#### *Legal Documentation*

The following legal documentation is required for the permanent registration of a vessel in MAR:

#### 1 - Power of attorney granted by the applicant to a local legal representative

- Applicable when the domicile or the head office of the applicant is located outside the Autonomous Region of Madeira;
- Original or authenticated copy;
- Signatures recognized by notary certifying the authority for the act according to n<sup>o</sup> 2 and n<sup>o</sup> 3 of article 11<sup>o</sup> of DL n<sup>o</sup> 96/89, of the 28<sup>th</sup> of March;
- Legalised or certified according to the Hague Convention of 1961.

#### 2 - Articles of association concerning the applicant

- When the applicant is a collective person not licensed to operate within the ambit of the International Business Centre of Madeira – original or authenticated copy;
- Legalised or certified according to the Hague Convention of 1961 with certified translation;
- Indication of the company's directors.

### 3 - Proof of license for operations in the MIBC

- When the applicant is a collective person licensed to operate within the ambit of the International Business Centre of Madeira – original or authenticated copy.

### 4 - Bill of sale

- Signed by the seller with notarial recognition;
- Original or authenticated copy;
- Legalised or certified according to the Hague Convention of 1961 with certified translation;

### 5 - Certificate issued by the previous registry

- Original or authenticated copy;
- Issued for less than 6 months.

### 6 - Deletion certificate

- Original or authenticated copy;
- Legalised or certified according to the Hague Convention of 1961 with certified translation;
- It may be temporarily replaced by documentation confirming the deletion request.

### 7 - Permission granted by the mortgagee(s)

- In case of any mortgage;
- Original or authenticated copy;
- Legalised or certified according to the Hague Convention of 1961 with certified translation;
- Signature recognized by notary certifying the authority for the act.

**Note:** All the above documentation must be translated into Portuguese (certified translation)

#### *Technical Documentation*

The following technical documentation is required for the permanent registration of a vessel in MAR:

- Passenger Ship Safety Certificate
- Cargo Ship Equipment Certificate
- Cargo Ship Safety Radio Certificate
- Exemption Certificate
- Ship Station License (Radio Station)
- List of Radio Equipment and to Other Auxiliary Navigation Equipment
- Name of the Entity Responsible for the Payment of Radio Accounts

- Cargo Safety Construction Certificate
- International Load Certificate (1996)
- International Oil Pollution Prevention Certificate (IOPP)
- International Pollution Prevention Certificate for the Carriage of Liquid Substances in Bulk
- International Certificate of Fitness for the Carriage of Dangerous Chemicals in Bulk
- Certificate of Class (Hull and Machinery)
- International Certificate of Fitness for the Carriage of Liquefied Gases in Bulk
- Certificate of Insurance or the Financial Security in Respect of Civil Liability for Oil Pollution Damage (C.L.C.)
- Declaration of P&I Inscription (Blue Card)
- International Tonnage Certificate (1996)
- Manning Certificate
- Statement of Compliance with ILO 92 and 133
- Ship's General Arrangement Plan
- Fire Control And Life Saving Appliances Plan
- Approved Stability Booklet
- Mark Model of the Automatic Pilot
- Communications System, Mark and Model (Bridge/Prow; Bridge/Stern)
- Winches, Capstans, Etc. (Mooring Devices)/Mark And Model (Quantity Prow; Quantity Stern)
- Main Engine (Place, Year of Construction and Name of the Shipbuilder; Quantity; Type; Model; Series Number; Maximum Power)
- Auxiliary Engines/Generators (Quantity; Type; Model; Series Number; Maximum Power)

### 3 - Temporary registration

#### *Bareboat charter in*

Vessels may be registered temporarily in MAR (bareboat charter in), subject to authorisation granted by the owners and by the competent authorities of the country where the vessel is permanently registered. Although Portuguese law allows the bareboat registration for five (5) years maximum, MAR can make the registration for five (5) plus another five (5) years (5+5), if agreed by the parties.

The application form shall be addressed to the Technical Commission of the International Shipping Register of Madeira – MAR, with indication of the charter period.

#### *Legal documentation*

The following legal documentation is required for the temporary (flagging-in) registration of a vessel in MAR:

##### 1 - Bareboat Charter

- Original or certified copy signed by both parties (owner and charterer) and certified by a public notary;
- Name of the vessel;
- Name and address of the parties;
- Charter period;
- Existence/non-existence of mortgages on the vessel.

## 2 - Commercial Certificate of the Charterer

- Original or certified copy, when the company is outside Madeira;
- A simple copy, when the company is incorporated within the ambit of the International Business Centre of Madeira.

## 3 - Power of attorney granted by the charterer to a local legal representative

- Applicable when the domicile or the head office of the charterer is located outside the Autonomous Region of Madeira;
- Certified by public notary and signed on behalf of the company;
- Signatures recognized by notary certifying the authority for the act according to n<sup>o</sup> 2 and n<sup>o</sup> 3 of article 11<sup>o</sup> of DL n<sup>o</sup> 96/89, of the 28<sup>th</sup> of March.

## 4 - Permission of the Permanent Registry for the registration of the vessel in MAR

## 5 - Permission granted by the mortgagee(s) in case of any mortgage.

**Note 1:** Should the bareboat charter and the permission granted by the permanent Registry indicate different dates, MAR will consider the date indicated by the permanent Registry.

**Note 2:** For the temporary registration, certified translations are not mandatory if the documentation is delivered in one of the languages accepted by MAR, namely English, French and Spanish.

### *Deletion of the temporary registration*

When the charter period is almost expiring, and if the charterer does not renew the registration, MAR will automatically consider such registration deleted.

On the other hand, if the charter period is still ruling, but the parties wish to delete the registration, they can do so by signing an addendum to the bareboat charter, where both parties agree to delete such registration.

### *Bareboat charter out*

Vessels with permanent registration in MAR may be temporarily registered in other countries (bareboat charter out). In such cases, authorisation for the bareboat charter out will be granted by MAR. The vessel will fly that Registry's flag and the right to fly the Portuguese flag will be suspended until the end of the charter period.

The application form shall be addressed to the Technical Commission of the International Shipping Register of Madeira – MAR requesting the temporary registration of the vessel under another flag.

### *Legal documentation*

The following legal documentation must be delivered to MAR for authorization of the temporary (flagging-out) registration of a vessel:

#### 1 - Bareboat charter

- Original or certified copy signed by both parties (owner and charterer) and certified by a public notary;

- Name of the vessel;
- Name and address of the parties;
- Charter period;
- Existence/non-existence of mortgages on the vessel.

## 2 - Certificate of the registry

- Issued by the registry where the vessel will be temporarily registered confirming the temporary registration.

## 4 – Other requirements

### *Age*

There are no direct restrictions on the age of the vessels that may be registered, but the technical commission will decide, on a case-by-case basis, the vessels which will be accepted.

### *Surveys*

Vessels must be classified by one of the officially approved classification societies:

Classification Societies
ABS – American Bureau of Shipping
BV – Bureau Veritas
DNV – Det Norske Veritas
GL – Germanischer Lloyd
LRS - Lloyds Register of Shipping
RINA – Registro Italiano Navale
RINAVE Portuguesa

Other classification societies may be included when recognised by the Portuguese Government.

### *Mortgage law*

The mortgagor and the mortgagee may, by written agreement, choose the legal system of a particular country that shall govern the terms of the mortgage. In case of failure of such agreement, the Portuguese law that rules mortgages shall be applied.

In case a foreign law is chosen to rule the mortgage contract, a copy of the foreign law must be presented to MAR, signed by both parties, apostilled and translated into Portuguese.

### *Purchase and sale of vessels*

The purchase and sale of ships is not subject to any previous authorization. The sale becomes effective through a Bill of Sale. Furthermore, the legal representative of the seller must be granted sufficient power to act on behalf of the company. The signature of the seller must be certified in the presence of a public notary.

### *Manning and certification*

All vessels registered in MAR are required to have a manning certificate issued in order to ensure that seafarers serving on board are qualified, fit and sufficient in number for the

performance of their duties. The certificates of seafarers serving on board of vessels registered in MAR shall be issued according to the provisions of the Standards of Training Certification and Watch Keeping for Seafarers Convention of 1978 (STCW), as amended in 1995.

The shipowner or his legal representative may apply for the manning proposal of a vessel already registered or to be registered in MAR. The application must be accompanied by the following documents:

- Summary identification of the vessel, including technical characteristics, equipment, area and trade where it will operate;
- General arrangement plan;
- Safety plan;
- Stability book;
- Any other elements that the applicant may consider necessary for such application;
- Ship's manning proposal duly justified.

#### *Employment conditions*

Labour contracts shall be signed between the seamen or unions and employer, containing the following terms:

- Identification of the parties;
- Name of the vessel;
- Nature and duration of the intended voyage or engagement;
- Period that each seaman is to be on board;
- Title and function to be undertaken by each seamen;
- Wages;
- Agreement as to the payment of wages;
- Termination of the contract.

#### *Citizenship requirements*

The captain and 50% of the safe manning of the ship must be European, of both E.U. and non-E.U. countries, or citizens of Portuguese-speaking countries, including nationalities such as Russians, Ukrainian and Polish, allowing therefore for a flexible manning. This requirement may be eliminated whenever it is duly justified.

#### *Recognition of certificates of competency – STCW 78/95*

The coming in force, starting from the 1<sup>st</sup> of February 2002, of all arrangements of the 95 Amendments to STCW 78' Convention, renders mandatory for foreign seafarers who perform services on vessels flying the Portuguese flag, to hold the recognition of their certificates of competency.

According to the established under regulation I/10 of the referred Convention, the process of recognition of certificates to foreign seafarers is subject to the celebration of a Protocol between Maritime Administrations (the one who recognises and other who issues the certificate).

In Portugal, IPTM - Instituto Português e dos Transportes Marítimos is the responsible entity for the compliance of the arrangements determined on STCW 78/95 Convention. The process of recognition shall be addressed, directed and requested directly to IPTM, for analysis and decision.

IPTM commits itself to recognise certificates of competency of seafarers whose nationality is as follows:

- a) European Union countries;
- b) Countries with whom Portugal has an agreement for recognition of certificates.

Countries under paragraph b) are subject to prior verification of related system on education, training and certification, considering a celebration of a Protocol.

According to their level, certificates of competency can be issued for the performance of management or operational functions. In the first case there's an obligation for demonstration of knowledge on basic principles of the Portuguese Maritime Legislation.

The procedure foreseen by Instituto Português e dos Transportes Marítimos for the process of recognition of certificates at the operational level is as follows:

- 1) Request by the seafarer or his representative;
- 2) Documental analysis of the process;
- 3) Issue of a declaration valid for 90 days, as soon as the documentation is according to the requirements;
- 4) Issue of the recognition, up to 90 days after the issue of the declaration referred on 3).

The procedure foreseen by IPTM for the process of recognition of certificates at the management level is as follows:

- 1) Request by the seafarer or his representative, stating the date of the examination;
- 2) Documentation analysis of the process;
- 3) Issue of a statement of Receipt of Application valid for 90 days and a book on Portuguese Maritime legislation numbered and personalised, if documentation is according to requirements;
- 4) Achievement of an examination of knowledge on Portuguese Maritime Legislation, to be held on a date chosen by the seafarer or is representative, within the validity period of the statement referred on 3);
- 5) Issue of a Diploma, when the examination is successfully concluded;
- 6) Issue of the endorsement, upon the conclusion of the examination with success and up to 90 days after the issue of the statement referred on 3).

The examination referred on paragraph 4) will be held at a Portuguese nautical school. Alternatively, IPTM will be available to send a representative to a place previously established by the shipowner(s) in order to perform the mentioned examination. Travelling expenses of the IPTM representative shall be supported by the shipowner(s).

#### *International Conventions adopted*

Portugal has ratified the following IMO and ILO Conventions, which also apply to MAR:

#### **IMO Conventions:**

- SOLAS convention 1974, 1978 and 1988 Protocols
- Load Lines Convention 1966, 1988 Protocol
- Tonnage Convention 1969

- ColRegs Convention 1972
- Sage Containers (CSC) Convention 1972
- STCW Convention 1978, and 1995 amendments
- Search and Rescue Convention 1979
- INMARSAT Convention 1976, 1994 and 1998 amendments
- Facilitation Conventions 1956
- MARPOL 1973/78, Annex I/II, Annex IV, Annex V
- London Dumping Convention 1972
- Intervention Convention 1969, 1973 Protocol
- Civil Liability Convention (CLC) 1969, 12976, 1992 Protocols
- Fund Convention 1971, 1976, 1992 Protocols
- Suppression of Unlawful Acts (SUA) Convention 1988, 1988 Protocol

## ILO Conventions

- Nr. 147 Minimum Standards 1976

### *Port State Control*

Ships flying the Portuguese flag (Madeira Registry included) are not targeted for inspection by the Port State Control authorities of the Paris MOU States.

## 5 - Registration fees

### *Fees applicable to vessels*

According to order n<sup>o</sup> 227/99, of the 29<sup>th</sup> of December, of the Regional Government of Madeira, vessels registered and to be registered in MAR are subject to the following fees:

1 - For the initial registration or renewal thereof, the following fees are due:

- a. Fixed fee of € 1.800;
- b. Variable fee:

Scale	Fee per scale
Up to 250 NT	225 euros
From 250 NT up to 2.500 NT	0,90 euros per NT
From 2.500 NT up to 10.000 NT	0,75 euros per NT
From 10.000 NT up to 20.000 NT	0,60 euros per NT
From 20.000 NT up to 30.000 NT	0,50 euros per NT
From 30.000 NT up to 40.000 NT	0,40 euros per NT
From 40.000 NT up to 50.000 NT	0,30 euros per NT
From 50.000 NT up to 60.000 NT	0,20 euros per NT
Above 60.000 NT	0,10 euros per NT

NT = Net tonnage

2 - The annual fee shall be calculated according to the following scale:

- a) Fixed fee in the amount of 1.400 euros;
- b) Variable fee:

Scale	Fee per scale
Up to 250 NT	200 euros
From 250 NT up to 2.500 NT	0,80 euros per NT
From 2.500 NT up to 20.000 NT	0,40 euros per NT
Above 20.000 NT	0,25 euros per NT

NT = Net tonnage

c) Ships transferred from the Portuguese traditional Registry are subject to different fees.

d) The annual fees are due on the first day of the month preceding each twelve-month period.

3 - The fee due for passenger vessels, tug boats and other auxiliary embarkations are those stated in numbers 1 and 2 above, adding thereto 15% in clause 1 and 30% in clause 2.

4 - For the definition of the crew and the issue of the respective certificate, a fee is due in the amount of 300 euros.

5 - For every inspection carried out, upon the request by the shipowner or for the effects of MAR's annual inspection, a fee is due in the amount of 100 euros/hour.

6 - In addition to the costs in the previous clause, transport and board and lodging costs of the expert(s) who undertake the inspection are due and payable.

7 - For the issue, renewal, or additional notes of the certificates, declarations and other documents of the vessel, a fee is due in the amount of 130 euros per certificate, declaration or document.

8 - For the issue or recognition of the certificate of each senior officer, junior officer or rating, a fee is due in the amount of 100 euros for officers and 25 euros for the remaining categories.

9 - For the boarding of each crew member a fee is due in the amount of 20 euros.

10 - For the provision of forms, on board record books and other inherent services an amount to be set by the Technical Commission which shall be published is due.

11 - For the procedures to obtain the radio station license, a fee is due in the amount of 500 euros.

12 - For the cancellation of the vessel's registration a fee is due in the amount of 650 euros.

13 - A fee of 300 euros is applicable in any of the following cases:

- a) Recognition of title of ownership and/or division of proprietary rights and/or change of ownership;
- b) Bareboat chartering contract as well as any alterations to the contract;
- c) Change of vessel's name;
- d) Inscription of initial registration;
- e) Recognition, constitution, acquisition, modification or extinction of usufruct rights;
- f) Construction contracts;
- g) Mortgages, modifications thereto, extinction, cession or assignment of the mortgagees' credits, as well as preference ranking of mortgages.

The amounts referred above shall be paid to the Government of the Autonomous Region of Madeira prior to the issue of the registration documents through the account of the concessionaire of the free Zone of Madeira (SDM) and producing written proof of such payment(s).

### Simulation of registration and annual fees

As a reference, the registration and annual fees of a commercial vessel with a net tonnage of 4.500 would be the following:

Registration Fee			Annual Fee		
Fixed Fee		1.800€	Fixed Fee		1.400€
Variable Fee	Up to 250NT	225€	Variable Fee	Up to 250NT	200€
	From 250NT to 2.500NT	2.025€		From 250NT to 2.500NT	1.800€
	From 2.500NT to 10.000NT	1.500€		From 2.500NT to 20.000NT	800€
Total		5.550€	Total		4.200€

## 6 – Entities supporting ship registration in MAR

There are several management companies and lawyers who are experienced in supporting shipowners on the registration of vessels in MAR and also act as legal representatives in Madeira. The following entities may be highlighted:

### Arkai Madeira, Lda

Rua da Alfândega, n.º 13, 9000-059 Funchal, Madeira

Tel.: 351.291.281842 Fax: 351.291.281637 E-mail: joao.fernandes@arkaimadeira.pt

### Madeira Corporate Services, Lda

Avenida Arriaga, 77 - 6.º Andar Sala 605, Edifício Marina Forum, 9000-060 Funchal, Madeira

Tel.: 351.291.202400 Fax: 351.291.237188 E-mail: management@mcs.pt

### Madeira Fidúcia Management, Lda

Av. Arriaga, 73 -1.º - 105, 9000-060 Funchal, Madeira

Tel.: 351.291. 200980 Fax: 351.291.200989 E-mail: mfm@madeirafiducia.pt

### M.L.G.T. Madeira Management & Investment, S.A.

Av. Arriaga, 73, Edif. Marina Club 2.º Sala 212, 9000-060 Funchal, Madeira

Tel.: 351.291.200040 Fax: 351.291.200049 E-mail: mlgtsmadeira@mlgts.pt

**Madeira Management Co., Lda**

P.O. Box 7 - Rua dos Murças, 88, 9000-058 Funchal, Madeira

Tel.: 351.291.201700 Fax: 351.291.227144 E-mail: madeira.management@mmcl.pt

**New Madeira - Investment Serviços, S.A.**

Rua Dr. Brito Câmara nº 20 - 1º, 9000-039 Funchal, Madeira

Tel.: 351.291.210200 Fax: 351.291.210209 E-mail: newmadeira@newmadeira.com

**Sontax - Trading e Investimentos, Lda**

Rua da Carreira, 115-117, 9000-042 Funchal, Madeira

Tel.: 351.291.237590 Fax: 351.291.227096 E-mail: sontax@mail.telepac.pt

**Mrs. Mónica Fernandes Barreto, Lawyer**

Estrada de São Domingos, 13 - 3ºEsq., 2000-235 Santarém

Tel. 351.243.371961/243.327462 Fax. 351.243.327363 E-mail: momalex@mail.telepac.pt

## PART IV - REGISTRATION OF COMMERCIAL AND PLEASURE YACHTS

### 1 - Formalities

MAR accepts the registration of the following leisure yachts:

- Commercial yachts with a hull length of between 7 and 50 meters and a maximum capacity of 12 passengers plus crew;
- Pleasure yachts with a hull length above 7 meters.

It should be noted that pleasure yachts may only be registered permanently in MAR. The application form for the registration will be addressed to the Technical Commission of the register. For yachts with commercial purposes, the application form shall be followed by all the technical elements regarding safety of the yacht, according to Portuguese legislation and international regulations.

#### *Legal documentation*

The following legal documentation is required for the registration of commercial and pleasure yachts in MAR:

#### 1 - Power of attorney granted by the applicant to a local legal representative

- Applicable when the domicile or the head office of the applicant is located outside the Autonomous Region of Madeira;
- Original or authenticated copy;
- Signatures recognized by notary certifying the authority for the act according to n<sup>o</sup> 2 and n<sup>o</sup> 3 of article 11<sup>o</sup> of DL n<sup>o</sup> 96/89, of the 28<sup>th</sup> of March;
- Legalised or certified according to the Hague Convention of 1961.

#### 2 – Identification of the owner

In the case of corporate entity:

- A commercial certificate, original or certified copy;
- Identification of the managers or the person with powers to act on behalf of the company.

**Note:** for companies headed in Madeira a copy of the commercial certificate is sufficient.

In the case of a private owner:

- Complete identification, such as: name, address, marital status and, if married, which is the matrimonial property system (matrimonial joint ownership of property, separate ownership of property by married people, a.s.o.).
- Certified by a public notary.

#### 3 - Bill of sale

- Signed by the seller, certified by public notary and acting on behalf of the owner (in cases where the seller is an incorporated company);
- Original or certified copy.

#### 4 - Certificate from the previous registry

- If not a new building;
- Original or certified copy;
- Issued for less than 6 months.

#### 5 - Deletion certificate from the previous registry

- Original or certified copy.

**Note:** On a first phase of the registration, this document can be replaced by a document proving that the deletion of the registration was requested from the previous Registry.

#### 6 – Authorization from the mortgagees

- When there are registered mortgages over the yacht;
- Original or certified copy;
- Signed in the presence of a public notary, granting powers to act on behalf of the Bank.

**Note:** All the above documentation must be translated into Portuguese (certified translation)

## 2 - Fees

Depending on whether the yacht is to be used for leisure or for chartering activities, according to Order n<sup>o</sup> 135/94, of the 1<sup>st</sup> of August, as amended by Order n<sup>o</sup> 145/2003, of the 29<sup>th</sup> of October, the following fees will apply:

1 - Pleasure yachts, registered for leisure purposes, are subject to:

- a) An initial fee due for the registration, in the amount of 500 euros;
- b) An annual fee payable to maintain the registration:
  - i) For pleasure yachts between 7 and 24 meters long, a fee of 500 euros;
  - ii) For pleasure yachts more than 24 meters long, a fee of 500 euros plus 2 euros per gross ton.

2 - Pleasure yachts, registered for commercial purposes, are subject to:

- a) For the initial registration or registration renewal:
  - i) Fixed fee in the amount of 1.250 euros
  - ii) Variable fee:

Scale	Fee per scale
Up to 250 GT	200 euros
Above 250 GT	0,75 euros per GT

*GT: Gross Tonnage*

b) An annual fee payable to maintain the registration:

- i) Fixed fee of 1.000 euros;
- ii) Variable fee:

Scale	Fee per scale
Up to 250 GT	200 euros
Above 250 GT	0,75 euros per GT

*GT: Gross Tonnage*

- 3 - Yachts owned by entities licensed within the legal scope of Madeira's Free Trade Zone are entitled to benefit from an exemption from the initial fee for registration and to a 20% reduction in the annual fee.
- 4 - For the inspection undertaken upon the request of the shipowner or for the effects of MAR's inspections, a fee of 100 euros/hour will be applicable.
- 5 - In addition to the costs referred to in the previous number, transport and board and lodging costs of the expert who undertakes the inspection are due and payable, by the owner.
- 6 - In the event that the inspection does not take place due to the late arrival of the pleasure boat or for any reason beyond the control of the Register, then the costs shall be borne by the owner.
- 7 - For the cancellation of the registration of pleasure yachts, a cancellation fee will be applicable in the amount of:
  - a) 250 euros for pleasure boats with leisure purposes;
  - b) 650 euros for pleasure boats with commercial purposes.
- 8 - The rendering of services and other registration deeds concerning pleasure yachts will be subject to a fee in the following amounts:
  - a) For the issue, renewal, or endorsements of certificates and other documents of the yacht, a fee of 20 euros for pleasure boats with leisure purposes and of 130 euros for pleasure boats with commercial purposes;
  - b) For the issue or recognition of each certificate of the officers and other seafarers, a fee of 100 euros and 25 euros, respectively;
  - c) For the definition of the crew and the issue of the respective certificate relating to pleasure boats with commercial purposes, a fee is due in the amount of 200 euros;
  - d) For the provision of forms, on-board record books and other inherent services, amounts are to be set by the Technical Commission of MAR, which shall be published.
  - e) For the issue of the yacht's radio station license, a fee is due, of 300 euros for pleasure boats with leisure purposes, and of 500 euros to pleasure boats with commercial purposes;

- f) For the vessel's change of name, a fee of 40 euros;
  - g) For the recognition, purchase, or change of ownership, a fee of 70 euros;
  - h) For the recognition, formation, purchase, change or extinction of the right of use, a fee of 35 euros;
  - i) For each construction contract, a fee of 20 euros;
  - j) For the creation of a mortgage, its change or extinction, cession, assignment of mortgage credits, as well as preference ranking of mortgages, a fee of 60 euros.
- 9 - The collection of the amounts referred to in the previous articles shall be effected as follows:
- a) With the registration, both the initial and annual fees;
  - b) Prior to the beginning of each additional 12-month period, the subsequent annual fee shall be paid and its payment will be due from the first day of the month preceding the expiring date;
  - c) All other amounts shall be paid against the issue of the corresponding documents and in accordance with the practice of the respective services and deeds.
- 10 - The owners of pleasure boats who choose to pay their annual fees for a period of two consecutive years, shall be entitled to benefit from a 20% reduction on the respective amounts due, if they effect the payment at once and within the payment term legally established.
- 11 - Failure to comply with the conditions of payment under the provisions of subdivision b) of number n<sup>o</sup> 9 determines that:
- a) In the course of the first and second months, an additional charge of 50% and 100%, respectively, is due;
  - b) In the course of the third month, the Free Trade Zone Office will take the initiative to pursue the cancellation of the registration together with the specific execution procedure for the debt value, which includes the annual fee increased by 100% plus the amount due for the cancellation.
- 12 - The amounts referred to in the previous articles, under the terms of the Law and of the concession contract, shall be paid to the Regional Government of Madeira by means of payment(s) made to the account of the concessionaire of the Free Trade Zone of Madeira and producing written proof of such payment(s).

### **3 – Entities supporting yacht registration in MAR**

Several management companies and lawyers are experienced in providing support on the registration process and also act as legal representatives in Madeira. The following entities may be highlighted:

**Madeira Corporate Services, Lda.**

Avenida Arriaga, 77 - 6º Andar Sala 605, Edifício Marina Forum, 9000-060 Funchal, Madeira  
Tel.: 351.291.202400 Fax: 351.291.237188 E-mail: management@mcs.pt

**Madeira Fidúcia Management, Lda.**

Av. Arriaga, 73 -1º - 105, 9000-060 Funchal, Madeira  
Tel.: 351.291. 200980 Fax: 351.291.200989 E-mail: mfm@madeirafiducia.pt

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P.O. Box 7 - Rua dos Murças, 88, 9000-058 Funchal, Madeira  
Tel.: 351.291.201700 Fax: 351.291.227144 E-mail: madeira.management@mmcl.pt

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**Sontax - Trading e Investimentos, LDA**

Rua da Carreira, 115-117 9000-042 Funchal, Madeira  
Tel.: 351.291.237590 Fax: 351.291.227096 E-mail: sontax@mail.telepac.pt

**Mrs. Cristina Dionísio, Lawyer**

Ed. Poente C. da Casa Branca, 3º C 9000 Funchal, Madeira  
Tel./ Fax.: 351.291764942

## PART V – COMPANY INCORPORATION

### 1 – Licence application for shipping companies

Although it is not compulsory to incorporate a company in Madeira's IBC in order to proceed with the registration of a ship in MAR, many shipowners choose to do so, as it enables companies to benefit from the applicable tax regime.

All types of companies and other forms of corporate representation, such as branches, agencies or offices, foreseen in Portuguese company law, may set up in the IBC of Madeira to carry out the activity of maritime transportation and other shipping related activities.

#### *Licence application*

The license application must be submitted in accordance with articles 18º and 19º of the Regulation approved by the Regional Regulatory Decree nº 21/87/M, of the 5<sup>th</sup> of September and by Decree-Law nº 13/2008, of the 18<sup>th</sup> of January.

In the application, the statistical nomenclature of the economic activity (NACE code) to be undertaken in Madeira's IBC must be indicated.

The application must be submitted to S.D.M., in duplicate, addressed to the Cabinet of the Regional Secretary for Planning and Finance of the Regional Government of Madeira. The licence may be requested by an existing company, in Portugal or abroad, or by a company to be incorporated. In the case of branches, it is also required to submit the statutes of the head-office and the record of proceedings of the meeting in which the formation of the branch was decided.

In case a new shipping company is formed, no minimum share capital requirements will apply. The incorporation procedures are similar to those applicable to any other Portuguese company. Shipping companies operating within the legal framework of Madeira's IBC are not obliged to keep their main offices in Madeira, although some form of legal representation must be kept in the island. In order to speed up the process, a Private Commercial Registry has been created for such purpose.

In the case of a successful application, the licence is deemed to be granted in favour of the company once the applicant furnishes proof of the formation and registration of such company. All documents in support of the licence application must be duly translated into Portuguese and legalised.

### 2 – Applicable fees

#### *Fees applicable to shipping companies*

Shipping companies incorporated in Madeira's IBC will be subject to a license and annual operating fees of, respectively, 750 euros and 1.500 euros.

All the above described fees are set by the Regional Government of Madeira through Order nº 222/99, of the 28<sup>th</sup> of December.

### 3 – Company law

Among the various legal structures available according to Portuguese law, investors have generally chosen the stock corporation (S.A.) and the private limited company (Lda.). In addition, two other legal structures are available, since they are often used to operate in Portugal and, therefore, within the legal framework of the IBCM. These are the branch and the S.G.P.S. (Portuguese pure holding company). The main characteristics of these various forms of companies are the following, according to the Portuguese legislation in force:

- Private limited company (Lda.), with a minimum of 2 shareholders and a minimum capital of Euro 5,000. This type of company does not need to appoint directors; the minimum requirement is to appoint a manager who, by law, has the powers to undertake the management of the company. Companies carrying out maritime transportation related activities, will not be subject to minimum share capital requirements.
- Stock corporation (S.A.), with a minimum of 5 shareholders and minimum capital of Euro 50,000. These companies may issue bearer shares provided all the share capital is fully paid up. Non-voting preference shares may be issued up to a maximum of 50% of the share capital. Redeemable preference shares may also be issued provided they are fully paid up. The management of these companies must be guaranteed by a board of directors made up by an odd number of members. If the share capital does not exceed Euro 200,000, these need only one director.
- Branch. There are no minimum capital requirements for a branch, unless it relates to a bank, in which case either a minimum capital of an acceptable amount applies or the head office must provide a full guarantee for the branch's operations.
- S.G.P.S. (Portuguese pure holding) must have the legal form of an S.A. or Lda. company and must have as its single object the management of shares held in other companies. It may render services and, in certain cases, lend credit to the companies in which it holds shares. It qualifies for the application of the 90/435/CEE Directive.

The S.A. and the Lda. companies licensed to operate in the IBCM may be incorporated by means of D. L. n<sup>o</sup> 212/94, of the 10<sup>th</sup> of August, with one shareholder who may be an individual or a company, national or foreign.

### 4 – Company requirements

#### *Legal reserve*

Companies must proceed with the constitution of a legal reserve, in the following terms:

- For a Lda, 5% of the annual profits until it reaches 20% of the share capital, with a minimum of 2.500 euros;
- For a S.A., 5% of the annual profits, until it reaches 20% of the share capital.

#### *Auditing requirements*

In accordance with Portuguese law, all companies licensed within the legal framework of Madeira's IBC must keep proper books of accounts and make them available, if required, for inspection by the relevant authorities which are understood to be the concessionaire company

(S.D.M.- Sociedade de Desenvolvimento da Madeira, S.A.) and the Portuguese fiscal authorities.

The official books of accounts referred to above should be kept in the Portuguese language and currency (the EURO). Auxiliary records can, however, be kept in any currency.

If the company is a stock corporation, an Investigation Committee is required with a minimum of three members. One of the members must be a qualified auditor or an auditing company operating in Portugal. If such a company has a maximum capital under Euro 100,000, an audit by only one qualified auditor or auditing company operating in this country is required.

In the case of private limited companies, if any of the two of the following three pre-requisites are fulfilled during any two consecutive years, then such companies are required to present annual accounts audited by either a qualified auditor or an auditing company:

- 1 - Average of 50 employees or more per annum;
- 2 - Total assets of Euro 1,5 million or more per annum;
- 3 - Total income of Euro 3 million or more per annum.

#### *Corporate Tax Returns*

Periodical tax returns must be submitted to the Portuguese authorities through the Portuguese Fiscal authorities website <http://www.dgci.min-financas.pt/>:

- Periodical income declaration: to be submitted until the last working day of the month of May (if the fiscal year corresponds to the civil year) or five months after the term of the fiscal year (if different from the civil year);
- Annual Simplified Company Information (IES): to be submitted until the last working day of the month of June (if the fiscal year corresponds to the civil year) or six months after the term of the fiscal year (if different from the civil year);
- Periodical VAT declaration: to be submitted until the 10<sup>th</sup> day of the second month following the one to which the operations refer to (for a turnover of or above Euro 498.797,90 in the precedent civil year) or until the 15<sup>th</sup> day of the second month following the quarter to which the operations refer to (for a turnover under Euro 498.797,90 in the precedent civil year).

Companies must also submit registration, alteration and cancellation declarations, whenever such situations occur, according to the Portuguese legislation, as well as periodical statistical information required by the Regional Secretary of Statistics, the National Statistics Institute and the Bank of Portugal.

## **5 - Labour**

#### *Personal Income Tax and Social Security Taxes*

Companies are required to withhold personal income tax and social security contribution on the payment of salaries and other forms of remuneration to workers. The applicable rates are:

- Personal income tax: a variable rate, according to the level of salary paid, starting at 10,5% (for an annual income up to 4.451 euros) to 42% (for an annual income over 60.000 euros);

- Social security contribution: a fixed rate of 11% for the employee and of 23,75% for the employer. The social security rates applicable to Directors are of 21,25% paid by the company and 10% paid by the Director.

The amounts of tax withheld will be delivered to the tax authorities until the 20<sup>th</sup> day of the following month in which the deductions were made.

### *Labour Regulations*

For reference purposes, it should be noted that the working week includes a maximum of 40 hours. Sunday is the day of rest. Employees are entitled to 22 working days of vacation per year, plus 14 days statutory holidays, and to sick leave and maternity leave. Recent changes to labour law include 3 extra days of vacation per year for those employees that did not incur in more than one unjustified absence from work in the previous year. If the employee starts work in the first half of the calendar year, he will be entitled to a minimum vacation period of eight consecutive days during that year.

Overtime is payable at the rate of 150% for the first hour and 175% thereafter. Overtime worked during rest days is payable at the rate of 200%. Salaries are normally paid on a monthly basis and holiday and Christmas bonuses of an equal amount to the salaries are paid annually.

The labour law allows short-term contracts, with a minimum period of 6 months, renewable at the employer's option, up to a limited period of 3 years, after which the employee is either granted a permanent contract or is dismissed.

### *Minimum and average wages*

In the year 2002, the average monthly wages paid in the Autonomous Region of Madeira were of approximately 1.740 euros for highly qualified workers and of 450 euros for non-qualified workers. The minimum wage set for 2006 is of 385,90 euros in mainland Portugal and 393,62 euros in Madeira per month, for a total of 14 months per year.

## **6 - Incorporation and registration of companies**

Existing companies or companies to be incorporated, as well as branches, in Portugal or abroad, may set up in the International Business Centre of Madeira. A Private Deeds Registry Office, made up by a notarial office and a conservatory of the commercial registry, has been created to allow a speedier incorporation and registration of companies in the International Business Centre of Madeira with full exemption from notarial and registration fees.

### ***New company***

The following steps describe the incorporation process of a new company in the IBC through the use of the Private Deeds Registry Office:

#### **1 - Name approval**

A name approval certificate and a provisional identification card must be requested to the National Company Registrar (RNPC – Registo Nacional de Pessoas Colectivas). This request may also be made through the internet.

The certificate and identification card must be required by either a shareholder of the company to be formed or by a duly authorized entity through the submission of the appropriate

forms. The certificate will be valid for 180 days for registration purposes and for one year after the company incorporation.

Companies must inform the RNPC of their intention of incorporating and operating within the legal framework of the MIBC.

## **2 - Company incorporation**

Formation and registration of MIBC companies must be requested to the Private Deeds Registry Office. The following documentation must be submitted to the notarial office upon the request:

- Company name approval certificate;
- Provisional company identification card;
- Copy of the identification documents of the applicants:
  - o Single person: identification and fiscal cards;
  - o Collective person: certificate of the conservatory of the commercial registry, company identification card, initial public deed, identification and fiscal number of the company's legal representative;
- Report from the Official Account Auditor for capital shares entrances in goods;
- Licence and Authorization from the Regional Secretary for Planning and Finance.

The public deed will be performed at the date indicated by the notarial office. Identification and fiscal cards must be presented during the act.

IBC companies are exempt from fees and notarial costs.

## **3 - Declaration of beginning of activity**

Companies must declare the beginning of activity at the local tax dependency. The following documentation must be submitted together with the declaration:

- Specific form, available at the tax desk, in triplicate and duly certified, with information regarding the official accountant responsible for the company's books of accounts;
- Provisional company identification card;
- Copy of the public deed;
- Copy of identification and fiscal cards of the shareholders and official accountants.

Companies must submit the declaration before the beginning of the activity or within 90 days from the RNPC registration (date of issue of the provisional card).

## **4 - Commercial and RNPC registration, publication at the Official Journal (JORAM)**

To be submitted to the private conservatory of the commercial registry, until 90 days from the public deed, through the following documentation:

- Company's incorporation public deed;
- Company name approval certificate;
- Beginning of activity declaration.

The official publication will be at JORAM, the Official Journal of the Autonomous Region of Madeira. Companies may also request the publication at a local newspaper.

## **5 - Social Security Registration**

Companies must proceed with the registration at the Regional Social Security Centre within 30 days of the beginning of activity. The following documents must be presented:

- Tax payer's identification card;
- Company's incorporation public deed;
- Company's identification card;
- Record of proceedings of the election of the members of the board and forms of income;
- Copy of the fiscal card of the members of the board;
- Fiscal document of beginning of activity.

### *Branch*

Existing companies wishing to set up in the International Business Centre of Madeira may do so either through the formation of a branch, agency or other form of legal representation foreseen in Portuguese law or by requesting the transfer of the company's headquarters to Madeira. In either case, a license must be obtained through the application process described above. The registration in the private conservatory of the commercial registry is also required.

### 1 - Support Services

Companies setting up in the IBC of Madeira may benefit from a range of professional support services, provided by local companies. These include:

- Management and accountancy companies, which provide support in the registration of vessels and yachts, as well as incorporation services for shipping companies. In addition, other support services are also provided, such as consultancy, legal advice, translations and other supporting services in the setting up process and day-to-day company management;
- National and international banks;
- Providers of office space, either for rental or purchase.

### 2 - Infrastructures

#### *Airport*

The recent improvements made to the local airport included the extension of the runway to 2.781 meters and the increase of the traffic capacity to 3.500.000 passengers per year. The cargo capacity has also been increased to 16.000 tons per year with the improvement of the cargo terminal. Several international airlines fly to and from Madeira, with direct flights to international destinations such as London and Paris.

#### *Commercial Port*

The port of Caniçal has recently been expanded to become the major commercial port in Madeira, meaning that all loading and unloading of cargo takes place in that new facility. The port has 3.9 km of quay with a draught of 15m for bulk cargoes, as well as 4.2 km of quay with an 8m draught for containerships. It also has a ro-ro ramp on backs on to 42,750 sqm of multi-purpose terminal space.

Madeira has regular sea cargo connections on a twice-a-week basis with Lisbon, on a weekly basis with New York, and every fortnight with European ports such as Bremen, Hamburg, Antwerp, Felixtowe, Rotterdam and London.

#### *Road Network*

The island's main motorway has been recently expanded and improved, allowing a fast and easy access to all major locations in Madeira.

## PART VII – PURCHASE OF PROPERTY IN MADEIRA

There is a wide availability of properties for sale in Madeira. A list of the main real estate agents in Madeira is available in the document CONTACTS which may be downloaded from <http://www.abc-madeira.com/documentLibrary/>. These entities may provide further information and assistance on the purchase of property in Madeira.

There are no restrictions on the acquisition of real estate by foreigners. The purchase of property generally follows the steps described hereinafter:

### *Promise of Sale and Purchase Contract*

Although not mandatory by law, this contract is usually adopted as a security measure for both parties involved in the transaction. The terms and conditions of the transaction, agreed between the seller and the buyer of the property, are laid down in a Promise of Sale and Purchase Contract, signed by both parties. This is a private contract that precedes and defines conditions for the actual transfer of ownership. The signing of this contract is generally accompanied by a deposit payment, which is freely established between the parties, but is usually a minimum of 20% of the purchase price.

A typical Promise of Sale and Purchase Contract includes:

- Full legal descriptions of the seller, the buyer and of the property;
- Purchase price of the property and payment conditions, stating the amount of deposit;
- Intermediate payment amounts and dates if applicable, and final payment date;
- Completion date, i.e. date of title transfer, and conditions for hand-over of property (possession);
- Other specific clauses agreed upon by both parties.

### *Deed of Sale*

When the conditions set out in the Promise of Sale and Purchase Contract have been met, the document of transfer of the deed of sale is drawn up at a Public Notary Office, where it is signed by the parties. At this time the final payment is usually made. The original document will remain with the Public Notary, and a copy is registered with the Public Records office. The purchaser requests a certified copy to prove ownership in applying for the connection of utilities, etc.

Necessary documentation:

- Identification documents and Portuguese tax numbers of the parties involved (the tax number of a foreign purchaser is obtained prior to the act);
- Property docket of the property, issued by the Tax Office of the area in which the property is located;
- Registration Certificate issued by the Property Registry Office of the area in which the property is located;
- Housing License: issued by the local City Council certifying that the property is licensed for use;
- Proof of payment (or exemption) of the purchase taxes issued by the respective Tax Office.

### *Property Registration*

The buyer of the property must register the purchase at the Property Registry Office of the area in which the property is located, and at the respective Tax Office with the purpose of establishing the annual property taxes, which are based on the property's estimated value.

Companies operating within the legal framework of the MIBC will be exempt from tax on the transfer of property, death and legacy duties due on the acquisition of immovable property for their establishment.

### *Bank Loan and Mortgage*

It is very common to resort to a bank loan for the purchase of property in Madeira. The loan is approved through a mortgage applied on the property. The mortgage is registered simultaneously to the property registration. The following personal documentation is generally requested for the approval of the loan by the bank:

- Copy of ID/ Passport and Portuguese fiscal number of borrowers and guarantors, when required;
- Company declaration stating annual income or, if self-employed, letter of Inland Revenue stating income and tax paid (last available year);
- Copies of four last pay slips and three last monthly bank statements.

Additionally, the following property documents are required:

- Copy of the Promise of Sale and Purchase Contract detailing the conditions of sale;
- Property docket;
- Property full Record Certificate;
- Property Plans;
- Housing License;
- Construction License (only for home building loans);
- Approved property plan and building specifications (only for home building loans);
- Home Insurance;
- Tax Office document certifying settlement of Municipal Transfer.

## PART VII – GENERAL INFORMATION

### *Recruitment*

Companies setting up in Madeira may resort to several local professional class associations for recruitment, such as the Chamber of Chartered Accountants and the Chamber of Barristers. Placing an advertisement in local and national newspapers is also a very common procedure, as well as resorting to the local Employment Centre or a recruitment agency. Recently, the Association of Professionals of the MIBC (APCINM) has set up an on-line database with a large scope of CV's, which may be consulted on [www.abc-jobs.com](http://www.abc-jobs.com). Companies may also use this database to advertise their recruitment needs.

The University of Madeira, as well as other local technical schools, is a good source of skilled professionals. Currently, nearly 300 students graduate from the university every year. It is also possible to recruit highly qualified professionals from a large pool of Madeirans studying in Portuguese universities or working abroad.

Additionally, there are no restrictions on the employment of foreign qualified staff. Nationals of the EU and certain other European Countries can live and work in Portugal without a visa or work permit. Non-EU nationals require a visa to enter Portugal for periods over 90 days or to work or study in Portugal. Visas should be applied for from a Portuguese consulate or embassy in the country of residence.

### *Internet connections*

There are a number of Internet Service Providers (ISP's) in Madeira with various connection options available, namely:

- Analogue telephone line (up to 56Kbps) or ISDN (64Kbps) telephone line.
- ADSL connection which works as a parallel data transfer over the normal telephone line. Connection speeds start at 256Kbps and can go as high as 1000Kbps.
- Cable Internet, which works through the Cable TV connection. Connection speeds depend on the number of users that are online, but may reach 1MBps.

### *Cable TV*

The local cable provider offers over 60 channels, depending on the chosen decoder and package. There are channels in English (CNN, MTV, VH1, BBC World, BBC prime, SKY News, Travel, CNBC, Bloomberg, Cartoon Channel, Disney, etc.), German, French, Spanish and Portuguese.

### *Electricity*

Madeira uses a 220 volt system, with individual metering per household, which means that most European appliances work perfectly here.

### *English Schools*

There are two schools in Madeira teaching in English and Portuguese. These are the British School, and the International School. A number of language institutes offer Portuguese lessons to foreign residents. Courses are given both during the day and in the evenings. Private lessons can also be arranged through private tutors. The University of Madeira will also be introducing in the short-term Portuguese courses for foreigners residing in Madeira.

## **PART VIII – LEGISLATION**

The legislation ruling the incorporation of companies, the tax regime in force and the activities carried out within the legal framework of the International Business Centre of Madeira may be downloaded directly from <http://www.abc-madeira.com/DocumentLibrary/Legislation>.

## PART IX - APENDIX

### 1 - Example of Licence Application

Please note that the following application letter is merely an example of the information that must be delivered, in Portuguese, in the application process for the incorporation of a company in the IBC of Madeira. The example application may vary according to the type of activity to be installed.

To  
The Regional Secretary for Planning and  
Finance  
Regional Government of Madeira  
FUNCHAL

Sir,

*(personal information of the applicant ) resident at (full address), with the purpose of incorporating a commercial company according to Article 8º nº 2 of Decree Law nº 96/89, of the 28<sup>th</sup> of March, with headquarters at (indication of the company's headquarters ), with a share capital of (share capital), NIF (Portuguese fiscal identification number ), and with the name of (indication of the company's name ), to undertake the activity of ( activity), with the NACE code (indication of the NACE code of the activity ), respectfully requires the issue of the adequate licence, in accordance with article 18º of the Regulation approved by Regional Regulatory Decree nº 21/87/M of the 5<sup>th</sup> of September, for the installation and development of the referred activities within the ambit of the Free Trade Zone of Madeira.*

*The above-referred company will create (indicate number) jobs in the first six months of activity and a total investment of (amount of the investment to be undertaken ) in (identify fixed assets) in the first two years of operation.*

*The applicant*

*(Date and signature)*

## **2 – Registration forms and other documentation**

Please visit [www.abc-madeira.com/DocumentLibrary](http://www.abc-madeira.com/DocumentLibrary) to consult the following registration forms and applications:

*Application for registration of vessel*

*Registration for activation of Maritime Mobile Earth Station (INMARSAT)*

*Application form for Radio Equipment*

*(CSR) Continuous Synopsis Record*

*(CRS) New Buildings*

*Application for Recognition of Certificates*

*Registration Card for Satellite EPIRB's*

*Requirements for Fire Extinguishers*

*Recognition of STCW 95 Certificates*