

60/90 LAW – SUMMARY

Law 60/90 establishes important tax incentives. The services that benefit from the tax exemptions laid down by this law are: constructions, transport, storage and warehouses, scientific investigations, health, radio, television, media, urban and rural telecommunications, hotels and other tourist accommodations and shopping centers.

The law provides for:

- Exemption from 95% of income tax for five years, which under certain circumstances can be extended for additional five years.
- Exemption from taxes levied on remittance of overseas dividends and profits.
- Exemption from fiscal and municipal taxes on the establishment, documentation and registration of corporations and firms.
- Exemption from all taxes levied on capital increases provided for in articles of incorporation or bylaws, capital contributions in the form of movable goods, real-estate, etc. and on the issue, purchase and sale of bonds debentures, and other securities.
- Exemption from all taxes on customs duties on the import of capital goods and of Value Added Tax on import of capital goods for initial installation.
- Exemption from taxes on items such as loans and credits.
- Total exemption from taxes on Acts and Documents

To obtain the benefits of law 60/90, a feasibility study must be first presented for approval to Investment Office. The project then has to be approved by a joint resolution of the Ministry of Finance and the Ministry of Industry and Commerce, granting the respective fiscal benefits. The entire procedure usually takes approximately 45 days.

Law 60/90 also establishes the leasing of capital goods as one of the forms of investment, which allows the import into the country of capital goods under the rules of temporary admission for the period of the lease agreement. Upon the expiration of the agreement, if not extended, the leased goods may either be re-exported or nationalized.