



newsletter Legal & Business Update - Portugal

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Contacts

Franco Caiado Guerreiro & Associados

Rua Duque de Palmela, 25 – 5.º, 1250-097 Lisboa

Tel.: (351) 21 359 30 50

Fax: (351) 21 359 30 51

law@fcguerreiro.com

www.fcguerreiro.com

PORTUGUESE GOVERNMENT GRANTS TAX BENEFITS ON BIOFUEL

Pursuant to a European Union strategy to reduce by 20% until 2020 the fossil fuel utilized by motor vehicles through its replacement for biofuel, a new decree-law has been approved by the Portuguese Government granting a tax exemption on the use of biofuel. This measure of the Portuguese Government has been adopted also to comply with the Kyoto Protocol, namely in what concerns the reduction of the tax burden on biofuel. This is also simplifying and opening new opportunities for those who are setting-up new factories in Portugal.

CHANGES TO PORTUGUESE LABOUR LAW

The Portuguese Parliament has approved in March changes to the Labour Code and to the Labour Code's Regulations in what concerns the negotiation and the entering into Collective Bargaining Agreements. Changes to the rules on unemployment benefits are also underway and will restrict employment benefits severely.

DOUBLE TAXATION AGREEMENT (DTA) BETWEEN PORTUGAL AND ALGERIA

The DTA between Portugal and Algeria signed on December 2nd, 2004 has now been approved by the Portuguese Parliament and is ready to come into force in the Portuguese territory. During 2006, Portugal has enlarged the list of Countries with whom it has entered into DTAs from 46 to 48 (recently, Turkey and Algeria). It is expected that during 2006 the DTAs signed with Chile, Indonesia, Brunei and Japan will come into force

MILLENIUM BCP LAUNCHES TAKEOVER BID FOR BPI

Portugal's largest bank Millennium BCP has initiated an unexpected takeover bid for compatriot Banco BPI. The €4.3 billion all cash offer values BPI at €5.7 per share. BCP, who currently own 3,9% of BPI, said that the bid would increase its share of the Portuguese market from about 25% to 32%. This is proving to be a very interesting opportunity for other bidders wishing to be present in the profitable Portuguese banking market.

NUCLEAR POWER PLANT INVESTMENT PLAN

A group of Portuguese investors led by businessman and oil millionaire Patrick Monteiro de Barros is interested in building a €3 billion nuclear power plant in Portugal funded and operated by the private sector. This may bring new investment opportunities in Portugal that did not exist until recently.

ANGOLA: PORTUGAL'S AMORIM GROUP TAKES QUARTER STAKE IN COUNTRY'S NEWEST BANK

Portugal's Amorim industrial group is acquiring a 25% stake in Angola's Banco Internacional de Credito (BIC), the bank's chairman announced recently.

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