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Editorial:

1- COMMERCIAL PARTNERS SINCE 1498

NUNO BRITO LOPES
LUÍS PINTO MONTEIRO

2- INTERNATIONAL COMMERCE: BILATERAL TRADE

CARMEN BAPTISTA ROSA

3- ANGOLA: STOCK EXCHANGE, COMMODITIES AND EVERYTHING ELSE

Luís Miguel Nunes

4- IT AND HIGH TECHNOLOGY

DANIEL REIS

5- LIFE SCIENCES: PHARMACEUTICALS

EDUARDO NOGUEIRA PINTO

6- CINEMA: FILMING CAMÕES AND GOA

VASCO MARQUES CORREIA
PATRÍCIA DIAS MENDES

7- IMMIGRATION: PROFESSIONALS ENTRY VISAS

SUSANA SANTOS VÍTOR

8- DOUBLE TAXATION TREATY PORTUGAL - INDIA

MÓNICA RESPÍCIO GONÇALVES

"Best Portuguese Law Firm of the Year" - IFLR Awards 2006 & Who's Who Legal Awards 2006, 2008

"Best Portuguese Tax Firm" - International Tax Review - Tax Awards 2006, 2008

COMMERCIAL PARTNERS SINCE 1498



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"When the first of the ships reached Lisbon with the news of the offer for a treaty, King Manuel ordered that church bells be rung throughout the country and that another, much larger fleet be prepared as quickly as possible, to return to Calicut and put the treaty into effect."

in "The First Global Village – How Portugal changed the World", Martin Page, 2002



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And the King was more right than he knew - Portugal and India had just begun international trade and globalization as we know them today.

The 1498 Calicut-Lisboa Treaty brought India closer to western markets and gave Portugal its golden era, while shaping the future. Five hundred years after the return of Vasco da Gama's fleet, it is India who's now coming west as a major player in the present and for the future.

India is Portugal's oldest Asian commercial partner, with common historical and cultural ties forged along five centuries. Sadly, nowadays India is not among Portugal's top ten commercial partners. At a time we're (re)embracing our vocation to be the gateway Europe - South Atlantic, India should profit from its ties to Portugal and use this privileged platform to Europe and namely to Portuguese speaking countries such as Angola and Brazil. On its hand India is a safe and democratic way into Asian markets for these countries.

These feelings were echoed in the 2007 India-Portugal Summit between Prime Ministers Manmohan Singh and José Sócrates. With all due respect, we quote some of Mr. Singh's statements. This effort continues in the 29th September EU - India Summit in Marseille and the EU - India Business Summit in Paris on the following day.

At PLMJ we're committed to playing a role in this new future. As a full service independent firm with a global outlook and strong domestic and international partners and connections we assist Indian companies, we are proud members of the Portugal-India Chamber of Commerce and look forward to a Portugal-India Group in the firm. Our aim is to provide advice to both Indian companies looking to trade in Europe and Portuguese speaking jurisdictions, namely Brazil and Angola, as well as to advise companies looking to trade or invest in India.

We'd like to welcome you soon!

INTERNATIONAL COMMERCE: BILATERAL TRADE



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“We agreed to make full use of the opportunities that are emerging from the rapid growth of India and the expansion of the European Union to actively enhance trade and investment, including by encouraging greater business-to-business interaction.”

Mr. Manmohan Singh, Statement on India-Portugal Bilateral Summit

In 2002 Portugal and India entered into a Mutual Promotion and Protection Investment Agreement, with these aims in mind. Later on in 2004 the relations between the EU and India became based in a Partnership and Development Cooperation Agreement, aimed to strengthen collaboration in trade and investment, economical aspects and environmental protection. In the near future we expect to see a free trade agreement between EU and India and we hope the September 2008 EU – India Summit and the EU – India Business Summit give clear indications on that direction.

Unfortunately, imports and investments from India are not substantial and Indian tourists presently have a small role in Portuguese tourism market and *vice-versa*. However, Portugal offers a strategic location as it is an entrance for the EU and has several bonds with other continents, being it a bridge for the community of Portuguese speaking countries (such as Angola, Brazil, Mozambique, Guinea, among others). It has a great climate, being an amenable place to work in.

Portugal has developed its infrastructures in the past years; was one of the pioneers in public private partnerships; and has developed areas such as biotechnology, machinery and renewable energies.

Although Portuguese exportations to India are currently centred in machinery, India has several sectors under development, such pharmaceutical industry, telecommunications and service providers. Infrastructure constructions, renewable energies, electronic and energy markets, and processed food industry are also potential investments. There are governmental incentives to several projects, variable between states, and India has foreign trade zones and special economic zones.

There has been a major effort in liberalization of imports in India (such as the External Trade Politics in force from 2004 to 2009), based on the reduction of tariffs and the replacement of quantitative restrictions, licenses and other measures by easier proceedings.

Nonetheless, there are still some complex proceedings and customs rights which affect trade. In what regards licenses, we have goods (i) where imports are not allowed (safety, environment and public health reasons); (ii) with restrict importation, by means of a special license (normally goods that can be obtained by national production); and (iii) goods by which imports should be oriented to have public companies participation. There are as well several regulations regarding packaging and labelling, and the Indian customs apply tariffs in an “ad valorem” basis. The custom duties can vary between 5% and 30%, although there are several products with a higher percentage, such as alcoholic beverage.

Foreign investment in India is done under an automatic route and notification of the Reserve Bank of India. There are many investments that need government approval, being this under the Foreign Investment Promotion Board. Total foreign investment is permitted in most of the economical sectors, although there are sectors in which the private foreign participation is limited and even other sectors totally closed to foreign investment or only developed by public companies. Profits can be freely repatriated, after tax payments. Supplier rights and payments of use of trademarks are permitted. More recently, Indian Government has been lifting restrictions to FDI in India in some sectors of activity.

India is part of the WTO and has subscribed the TRIPS agreement, although IP regulations might find some difficulties in enforcement. India maintains several restrictions to stone, granite and paper products under GATT; and it continues to impose several barriers to alcoholic beverage. Most of these issues, however, can be avoided by having a partnership with any local company.

Portugal and India are mutually attractive markets and entry platforms to each other with the advantage of having numerous and strong historical relations which will certainly be an incentive to develop trade.

ANGOLA: STOCK EXCHANGE, COMMODITIES AND EVERYTHING ELSE



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“We also discussed avenues for trilateral cooperation especially with the Community of Portuguese Speaking Countries. We are already cooperating in the field of hydrocarbons in Angola.”

Mr. Manmohan Singh, Statement on India-Portugal Bilateral Summit

What does the Angola Derivatives and Stock Exchange (already in an experimental stage) represents to Angola and what opportunities may it offer?

It's a landmark in Angola's History. It's one of the main signs of the country's commitment for with the growth and modernization of its economy, the access of foreigners to the market, the investment in the Angolan entrepreneurs, a higher transparency and on higher qualifications of Angolan people. I share this enthusiasm recently given to me by Mr. Aguiñaldo Jaime, Minister in the Government that recently ceased functions. This is a country that was at war only six years ago and now grows at a double digit rate.

The responsibility for success is, in practice, in the hands of Angolans and rest will come by itself. One can feel the commitment of the already operational local capital markets regulator, after getting know-how from the Portuguese Regulator and Bovespa – the São Paulo Stock Exchange, a first tier institution.

Actually there's a string Brazilian influence in the legislative package now being discussed, namely the new Securities Law and regulations of the stock exchanges, commodities and futures, public offers, public companies, stock brokers and fund management companies – with a number of real estate funds already being incorporated.

What about privatizations through IPOs? That's a (very) interesting subject. Just consider, for instance, the potential of *Ferrangol*, who holds the rights to explore iron. Or *ENE – Empresa Nacional de Electricidade* (the national power company), following a separation of production, transport and distribution. Or still of *Angola Telecom*. All already assumed as possible privatizations just to name a few. Is this precipitated? Not when global companies from India, Brazil, Russia and China, among others show their interest in having access to Angolan commodities that until now took a back step in relation to oil and diamonds.

We may already start considering another and more important subject: the creation by Angolans of a basis for a sound and strong transforming industry in the country. Can you imagine the consequences?

IT AND HIGH TECHNOLOGY



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«We have identified high technology areas such as information technology, biotechnology, bio-informatics and nanotechnology as focus areas for joint collaboration.»

Mr. Manmohan Singh, Statement on India-Portugal Bilateral Summit

It may seem hard at first to see any relevant connections between the Portuguese and Indian IT industry sectors. In fact, the Indian IT sector will generate, according to the McKinsey-NASSCOM report, 87 billion USD in 2008 in revenues and is dominated by large companies. The Portuguese IT sector is much smaller and is dominated by small and medium sized companies.

However, points of contact between the two economies do currently exist. It is increasingly common for Portuguese companies to delocalize data centers and IT departments to India, under outsourcing contracts.

In what regards outsourcing contracts, the issues regarding privacy and data protection are especially relevant in light of the European Union's

restrictive laws in this area, and thus special attention should be given to these aspects.

On the other hand, certain Portuguese companies have recently been the subject of significant attention from multinational IT companies, especially in the areas of defense, entertainment, mobile communications, and biotechnology.

We are confident that the Portuguese market will in the near future be of considerable interest to Indian IT companies, both in what regards an increase of provision of services under outsourcing contracts and as potential acquisition targets.



LIFE SCIENCES: FARMACEUTICALS



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“Indian and Portuguese majors in the IT and pharmaceuticals sectors have recently entered each other's markets. We agreed to encourage more such investments. (...)”.

Mr. Manmohan Singh, Statement on India-Portugal Bilateral Summit

Compared to other EU countries, the Portuguese market is smaller in size and GDP per capita. However, as the main companies are focused on larger markets, that may constitute an opportunity for lucrative investments by new and innovative pharmaceutical and life science companies. Due to a relatively well balanced relation between market size and spending with medication; its geopolitical situation as member of EU; and the privilege links with overseas markets as Brazil and Angola, Portugal has obtained some competitive advantage over other emergent markets as a test country for pharmaceutical new solutions.

The main difficulty for newcomers and foreign investment remains the instability that results from the continuing changes in the Portuguese pharmaceutical regulatory body. New regulation concerning medicinal products for human use was established in 2006 by the transposition of several European Directives; new price systems and generic drugs reimbursement schemes are enforced almost every year; the main regulations regarding pharmacies ownership and operation was

substantially altered during the last months; other measures such as the location of ambulatory pharmacies in public hospitals and the extension of the distribution and retail channels for over-the-counter products are being implemented; a unit-dose distribution system is about to be approved; the whole pharmaceutical juridical environment has been adjusting creating a sense of special care amongst the players.

Consequently, it is extremely advisable to establish partnerships with local agents, more used to deal with the frequent changes in regulations and the Portuguese pharmaceutical regulators. And that brings us to the point of this article: considering the above referred advantages of the Portuguese market and the high innovative nature of India life science companies, a bilateral cooperation between these two countries, its corporations and professionals would certainly be tremendously advantageous.

CINEMA: FILMING CAMÕES AND GOA



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“We have also agreed to promote greater bilateral exchanges in the fields of sport, culture and tourism.”

Mr. Manmohan Singh, Statement on India-Portugal Bilateral Summit



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The cinematographic art in Portugal has developed in a notorious fashion, considerably due to the phenomenon of the contracting to international co-productions, but also because the mechanisms of financing the activity were subject to a significant modernization.

In Portugal a “Fund for the Investment for the Cinema and Audiovisual” was recently created, in order to give support to the cinematographic industry, including operations of international co-production in benefit of foreign entities involved in co-productions in Portugal.

There is also an improvement of the “Film Commissions” in order to facilitate and simplify the process of cinematographic filming in Portugal. Portugal has various elements which are fundamental for the creation of excellent cinematographic works, as high quality technical teams, modern equipment, a good cost/benefit relation, a very favorable climate – the Portuguese “luminosity” is one of its ex-libris – diverse natural or constructed scenarios located close to each other.

Adding support mechanisms and diversifying interesting and valid elements, Portugal is privileged for Cinematographic filming. There are

already diverse examples of cooperation between the two countries of the “people” of Camões and Goa, from the valorization, in Portugal, of the accredited Indian Producer Satyajit Ray, already honored at diverse Portuguese cinematographic festivals and enthusiastic reception of the Portuguese film “Fados” at the International film festival in India, besides the recent filming of a significant number of episodes of a Portuguese soap opera of success in Indian country sides.

There is a strong historic connection between the two countries since the time the sea brought us together. And the traces of India in Portugal – and vice-versa – have not vanished until today.

All this and much more builds-up an excellent platform for the increasing promotion of the cinematographic and television Portuguese-Indian partnerships.

Two countries with a partially common history which can be used to create cinematographic and television work.

It is a win-win for Camões and Goa!

IMMIGRATION: PROFESSIONALS ENTRY VISAS



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“We agreed that we should rekindle our historical links and build a strong, contemporary relationship that reflects the vast goodwill that our people have for each other and the immense potential for bilateral collaboration”.

Mr. Manmohan Singh, Statement on India-Portugal Bilateral Summit

As far as foreigners’ law is concern, historical connections between Portugal and India represent a specially privileged marketable area, to which corresponds also a business and community structure characterized by reciprocal presence and influence. Portugal and India are countries of travelers, initiative and multiculturalism.

The Portuguese constitutional principles of equality, non discrimination, religious freedom and private initiative, as corollaries of foreigners’ law, and the principle of cooperation in international relations, inspire the new law from 2007 on the entry, stay, departure and expulsion of foreigners from Portuguese territory.

This law is applicable to non-EU citizens and foresees visas for specific purposes: workers transfers, independent activity, investment, scientific investigation and highly qualified activities. The requests for residence visas, definitive or temporary, are presented in the Portuguese consular

post of the applicant’s residence country, instructed with the necessary documentation. Specialized legal counsel is advised in the conduction of the submission.

The residence visa for investors is granted when they made investments operations in Portugal or have financial means available in Portugal and have the intention to invest in Portugal.

Foreigners businessmen living in Portugal for more than six years and with a particularly strong connection with the national community can submit themselves to the acquisition of the Portuguese citizenship. That process must be submitted in Portugal at the citizenship services of the Conservatory of Central Registers. The delicate regulation of this kind of process makes legal counseling especially important.



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	Income				
	Dividends	Interest	Royalties	Capital Gains From The Disposal Of Real Estate	Other Capital Gains
Portugal (State of source of income/location of assets)	<p><u>Personal Income Tax and Corporate Tax:</u></p> <p>Subject to withholding tax at a reduced tax rate which cannot exceed 15% or 10%¹ of the gross amount of dividends</p>	<p><u>Personal Income Tax and Corporate Tax:</u></p> <p>Subject to withholding tax at a reduced tax rate which cannot exceed 10% of the gross amount of the interest</p>	<p><u>Personal Income Tax and Corporate Tax:</u></p> <p>withholding tax at a reduced tax rate which cannot exceed 10% of the gross amount of the royalties.</p>	<p><u>Personal Income Tax and Corporate Tax:</u></p> <p>Subject to a 25% tax rate.</p>	<p>No taxation arises unless:</p> <ul style="list-style-type: none"> - the gains are from the disposal of movable property forming part of the business property of a permanent establishment which an enterprise of India has in Portugal; - the gains are from the disposal of movable property pertaining to a fixed base available to a resident of India in Portugal for the purpose of performing independent personal services; - the gains are from the disposal of shares in the capital stock of a company which owns directly or indirectly mainly immovable property located in Portugal;
India (State of residence of the investor/beneficial owner)	<p>. All of these items will be subject to taxation in India under the terms of its internal Tax Law</p>				

¹ If the beneficial owner is a company that, for an uninterrupted period of two years prior to the payment of the dividend, owns directly at least 25% of the capital stock of the company paying the dividends.

² Please note that the capital gain obtained by non-resident entities without a permanent establishment in Portugal is assessed under the specific rules laid down for personal income tax. For purposes of calculating the taxable capital gain, the acquisition value is updated to reflect the effect of inflation.

³ Considering that the non-resident entity does not have a permanent establishment in Portugal.

⁴ Despite of this, capital gains obtained by non-resident entities without a Portuguese permanent establishment from the disposal of securities, autonomous warrants issued by Portuguese tax resident entities and negotiated under regulated stock markets, as well as derivatives also negotiated under regulated stock markets, are not subject to taxation in Portugal, except in the following alternative situations: (i) the seller is owned, directly or indirectly, in more than 25%, by resident entities, or (ii) the seller is domiciled in a country, territory or region, subject to a clearly more favorable tax regime, included in the list approved by a Governmental Ruling from the Ministry of Finance, or (iii) the capital gains arise from the onerous transfer of shareholdings in Portuguese resident companies which own assets corresponding, in more than 50%, to real estate located in the Portuguese territory or that, being companies which own or manage shareholdings, are in a relation of dominium (as the dominant company), with dominated companies which also qualify as Portuguese tax residents, which own assets corresponding, in more than 50%, to real estate located in the Portuguese territory.

⁵ Where a resident of India derives income which, in accordance with the provisions of the Convention, may be taxed in Portugal, India shall allow as a deduction from the tax on the income of that resident an amount equal to the income tax paid in Portugal, whether directly or by deduction at source. Such amount shall not, however, exceed that part of the income tax, as computed before deduction, which is attributable to the income which may be taxed in Portugal.

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