

# TAX

## STATE BUDGET FOR 2024

VdA EXPERTISE



December 2023

**On the 27<sup>th</sup> of November 2024, the Cape Verdean Parliament approved the Bill for the 2024 State Budget. Below we explain some of the measures foreseen in this piece of legislation.**

### Corporate Income Tax ("CIT")

- This piece of legislation foresees an amendment to the limitation on the tax losses carryforward regime, as there is no longer any time limit applicable to this deduction, compared to the previous time limitation of 7 years.
- Reduction of CIT tax rate from 22% to 21%, for taxpayers subject to the organized accounting regime.

### Transfer pricing ("TP")

- Following the new international TP guidelines, the proposed amendments emphasize the importance for enterprises to guarantee economic substance on their operations with any other associated entities (under common ownership or control), to avoid potential TP adjustments.

### Value-added tax ("VAT")

- Invoices issued electronically by entities, covered by the general VAT regime are now considered legal for the exercise of the right to deduction.
- The issuing of invoices by the purchaser of goods or services ("self-billing") must fulfill the following conditions: a) the existence of an agreement between the

seller/provider and the purchaser; b) proof of the purchaser's knowledge of the issuance of the invoice; and c) the invoice must mention the expression "self-billing" on the invoice.

### Tax Benefits and Incentives

- This piece of legislation also proposes that investments made under the Cape Verdean Investment Law ("Law/VIII/2013") benefit from a tax credit through a deduction from their taxable income, corresponding to 20% of the relevant investments. This is an amendment to the current regime, which does not provide for a general benefit, granting a 30% benefit for companies in specific sectors and a 20% benefit for others.
- Exemption from Import Duties and VAT, on the import of products that are alternatives to single-use plastic products, as well as all types of machinery for recycling waste and for the production and commercialization of products that are alternatives to single-use plastic.

# Contacts



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