



## BUYING & SELLING A NOMINEE COMPANY

### *When you buy . . .*

Buying a Nominee Company (*Sociedade Civil sob forma comercial*) saves time and money while avoiding many of the complications normally associated with property acquisition.

#### 1) **Time**

Acquiring the shares of a Company is a quick process. It can be done at the Notary or in your lawyer's office and can usually be accomplished in a matter of minutes rather than the weeks or even months required to sort out conventional Property Transfers.

#### 2) **Simplicity**

Changes in property ownership inevitably entangle 3 different organs of government: “*a Câmara*” (the local Council), “*as Finanças*” (the Revenue) and “*o Registo Predial*” (the Land Registry). When transferring shares, these three bureaucracies are only marginally involved, if at all.

#### 3) **Tax Efficiency**

The transfer of shares avoids triggering “*IMT*” (Property Transfer Tax) and the 0.8% Stamp Duty on Deeds of Property Transfer, proportioning tax savings that can prove quite substantial

#### 4) **Reduced Costs**

Simplicity can also mean lower costs for lawyers, notaries and other disbursements that are an integral part of any compliant transfer process.



### ***When you sell . . .***

Selling a Nominee Company offers the best of options to both Seller and Buyer:

- 1) At the notary, the Company's shares are normally transferred to the Buyer for the full market value of the Property held by the Company.

The Seller will be responsible for Capital Gains Tax on the sale of the shares at a flat rate assessment of 14%, rather than full "IRC" Corporate Tax Rates (normally 21%) were the Property to be sold directly by the Company to the Buyer;

- 2) The Buyer elects one of two options:
  - a) If the Buyer wishes to keep the Company, the transfer of ownership is now complete and there is no further taxation: no "IMT" (Property Transfer Tax), no Stamp Duty. Standard registrations can subsequently take place;
  - b) If the Buyer wishes to own the Property directly, the Company is dissolved and the Property transferred to the Buyer's name. "IMT" as well as Stamp Duty are due, followed by standard registrations, as would occur in a conventional property sale. Capital Gains Tax may also be due, depending of the net difference between the cost of acquisition and the final sale price.

In either case, the selected option is prepared in advance and the set of transactions can take place simultaneously at the Notary office.

Our recommendations regarding the use of Nominee Companies remain as always. However, we realise that there is no "one size fits all" solution. Future buyers may not necessarily share your goals and objectives. For this reason, it is important that, as an Owner, you know that the advantages you originally sought in your Nominee Company can still be achieved even if a eventual buyer wishes to acquire only the property and not the Company.