

# HOW TO FORM A COMPANY IN PORTUGAL



**PayBitoPro**

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Two years ago, the Portuguese government unveiled the Digital Transition Action Plan, introducing technological free zones designed to facilitate experimentation with blockchain and other emerging technologies. These zones mirror real-world environments, positioning Portugal as one of the most crypto-friendly nations, making it worthy of consideration. Regardless of your nationality or residency status, establishing a digital asset company in Portugal presents an opportunity to capitalize on this favorable business landscape.

## Key Aspects of the Portuguese Business Environment Include:

- Appealing tax incentives and benefits for residents (e.g., only 50% of resident dividends are subject to withholding tax)
- A burgeoning technology sector attracting substantial venture capital investments
- Portugal's EU membership grants access to the European single market
- Ranked 39th out of 190 countries in the World Bank's Ease of Doing Business 2019 index, indicating a favorable business climate (based on ease of company establishment, financing, and participation in economic activities)
- Ranked 31st out of 177 countries in the 2022 Economic Freedom Index, highlighting factors like judicial efficiency, tax burden, regulatory efficiency, and investment freedom
- Access to a young, skilled, and accessible talent pool supported by Portugal's robust education system
- Sixth place in the 2022 Global Peace Index, reflecting stability and a secure, sustainable environment
- Lisbon, hosting the Web Summit - one of the world's largest technology conferences—along with various governmental and non-governmental initiatives fostering the growth of the blockchain industry

The primary legislation governing companies in Portugal is the Commercial Company Act, covering the incorporation of various entity types, management, and shareholder rights.

The public registry of Portuguese companies is managed by the [Portuguese Commercial Registry](#), responsible for updating commercial records and documents, as well as issuing certificates of registration and dissolution.



Any company intending to engage in crypto-related activities in Portugal falls under the classification of a virtual asset service provider (VASP) and must obtain a license from the [Banco de Portugal](#) before commencing operations. This authority oversees the enforcement of Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) regulations in alignment with EU directives.

Furthermore, your company may need to register with the Portuguese Securities Market Commission (CMVM) to operate in Portugal. CMVM oversees companies whose crypto activities involve assets legally classified as securities or equivalent instruments.

## Types of Portuguese Business Entities

When establishing a crypto company in Portugal, you have the option to select either a Private Limited Liability Company (Lda) or a Public Limited Company (SA). In these structures, shareholders are accountable solely for the company's obligations within the confines of their investments.

### Private Limited Liability Company (Lda)

The private limited liability company (Lda) stands as one of the most frequently utilized legal business entities in Portugal. This structure, typically favored for small and medium-sized enterprises due to restricted share transfers, offers several distinctive attributes:

- The company name comprises a freely chosen element, a reference to its respective business sector, and the term Limitada or its abbreviation Lda.
- Requires a minimum of two shareholders (natural or legal persons, without residency stipulations).
- Necessitates at least one director (who may also be a shareholder, without residency requirements, although the Bank of Portugal prefers the director to be a resident of Portugal).
- Dispenses with the necessity of appointing a board of directors.
- Requires the engagement of an accountant for fulfilling tax obligations.
- The General Meeting serves as the governing body of the company, comprising at least one director and the accountant.
- No prescribed capital requirements, yet each share must be valued at a minimum of 1 EUR.
- A registered office is mandatory (ensuring Portuguese authorities can dispatch notifications, invoices, and official documents).



An annual audit of the company's financial statements becomes obligatory if at least two of the following thresholds are exceeded for two consecutive years:

- Net revenue: 3 million EUR
- Total balance sheet: 1.5 million EUR
- Average number of employees: 50

## Public Limited Company (SA)

Entrepreneurs aiming to garner funds by offering shares to the general public often opt for the public limited company (SA). This structure facilitates the accumulation of substantial capital and the development of businesses on a larger scale compared to private companies. However, state-owned companies are subject to more stringent regulatory requirements.

### Key features of the joint-stock company (SA) include:

- The company name comprises a freely chosen element, a reference to its respective business sector, and the suffix SA.
- Requires a minimum of five shareholders (if one is a State entity, only two shareholders are necessary).
- One director suffices if the share capital does not exceed 200,000 EUR.
- Minimum equity: 50,000 EUR (with 70% of cash contributions potentially deferred for up to five years).
- The minimum nominal value of each share: 0.01 EUR.
- Mandates general meetings regardless of the management structure.

### A Public Limited Company (SA) may adopt one of the following management structures:

- Board of Directors or one Director (if the share capital is below EUR 200,000) and a statutory audit board comprising at least three members or an independent auditor.
- Board of Directors, a three-member audit committee, and an independent auditor.
- Board of Directors or one Director (if the share capital is below EUR 200,000), a General Supervisory Board, and an independent auditor.

An annual audit is obligatory for all public companies, irrespective of their size. These companies must appoint an auditor who can serve as either the sole overseer or a partner of the supervisory board, contingent upon the management structure. The auditor may be an individual or a company registered with the Portuguese Professional Association of Chartered Accountants.

# General Rules Applicable to all Companies Include

- The company shall have an indefinite term of validity unless specified otherwise in the charter.
- Initial capital contributions must precede the signing of the Charter unless cash contributions are deferred under legally permissible conditions.
- The company's equity value must always be denominated in euros, the legal tender of Portugal.
- Appointed Directors must demonstrate readiness, technical competence, and a comprehensive understanding of the company and its entire business model.

## Different Types of Cryptocurrency Licenses in Portugal

Portugal provides a range of licenses tailored to various facets of the cryptocurrency industry:

1. **Crypto exchange license in Portugal:** Authorizes the exchange of cryptocurrencies for fiat currencies or other digital assets.
2. **Crypto broker license in Portugal:** Enables companies to facilitate cryptocurrency transactions on behalf of clients.
3. **Crypto trading license in Portugal:** Intended for entities directly involved in the buying and selling of digital assets.
4. **VASP crypto license in Portugal:** Targeted at providers of services associated with virtual assets.

## Documents Required for Establishing a Limited Cryptocurrency Company in Portugal

- Charter (to be drafted in writing with signatures of founders verified by a witness)
- Business plan



- White paper
- Documented risk management policies and procedures (covering AML/CFT, data protection, etc.)
- Identity documents of shareholders, directors, and compliance officers
- Certificates of no criminal record for shareholders, directors, and supervisory officers (issued within the last three months)

**Irrespective of the business's legal structure, every crypto company must adhere to the following requirements:**

- Development and implementation of internal AML/CFT procedures
- Appointment of an anti-money laundering/terrorist financing officer

## Steps to Follow to Establish a Crypto Company in Portugal

The registration process for a Portuguese limited liability company can be completed within two weeks, although obtaining the necessary licenses may require several months.

1. Check and reserve an appropriate name (provide three options) before proceeding with registration.
2. Prepare the requisite documents.
3. Secure office space for a legal business address and local staff.
4. Open a [Portuguese bank account](#).
5. Transfer equity.
6. Pay the company registration fee:
  - a. Regular registration: 475 EUR
  - b. Accelerated registration: 950 EUR
7. Submit the company registration application along with the necessary documents to the Portuguese Trade Register.
8. Apply for a cryptography license from the [Bank of Portugal](#).



9. Apply for registration with CMVM if your proposed activities involve crypto assets qualifying as securities.
10. File the final declaration of beneficial ownership (CBO) with the Central Register of Beneficial Ownership.
11. Recruit personnel in compliance with legal requirements.
12. Register as a taxpayer with the Tax and Customs Board.
13. Enroll employees in the social security system.
14. Obtain a company seal upon issuance of the registration certificate.

Every cryptocurrency company must obtain full licensing from the Banco de Portugal as a Virtual Asset Service Provider (VASP) before commencing economic activities. Compliance with Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) regulations is crucial for successful licensing.

## Taxation of Cryptocurrency Companies in Portugal

In Portugal, tax collection and administration are overseen by the Tax and Customs authority, which does not recognize cryptocurrencies as legal tender but acknowledges their potential for profitable exchange into fiat currency through intermediary platforms. It emphasizes that the value of cryptocurrencies is determined by online demand.

For tax purposes, all cryptocurrency transactions must be accurately recorded and reported in Portugal's official currency, the euro.

Crypto companies in Portugal are subject to the following taxes:

Corporation Tax	21%
Value Added Tax (VAT)	23%
Social Security	23.75%
Municipal Business Tax	up to 1.5%
Dividends Withholding Tax	28%

If shareholders are non-residents of Portugal, the company must obtain a Portuguese Taxpayer Number (NIPC/NIF). For shareholders who are non-EU residents, it is mandatory to designate a tax representative residing in Portugal, either an individual or a company.

