

Buyer information

Foreigners Owning Land / Property

The Cape Verdean authorities encourage foreign investment and there are **no** restrictions for foreigners to buy and sell residential or commercial property in Cape Verde.

Our guide to Purchasing a Property

The steps to purchasing a property are straightforward. Once you find your property

1. Use a solicitor to check all land and property searches to ensure all the paperwork is correct for the property and that there are no taxes or debts owing on the property.
2. Powers of Attorney: _Due to the delays in signing over property in Cape Verde and the uncertainty of fixing notary dates, it is advisable to obtain a power of attorney in the notary of that respective island. This is best made to the lawyer or another person you may wish to represent you. This process will take approximately 30 minutes and it will save many problems of trying to obtain one in the UK or Ireland. This will permit the solicitor or the person representing you to sign the promissory contract and deed.
3. A promissory contract is used to legally bind the buyer to the seller. These is a simple contract with the details of the buyer & seller, the property and the purchase price. A lawyer will write /check check this for you.
4. Signing for the deeds of the property must occur in front of a public notary in Cape Verde. This can be made by the purchaser in person or by their legal representative.
5. Notary fees and purchasing taxes amount to approximately 7.5% of the value of the property. 3% of this is the taxes and the other 4.5% is for work carried out by the notary.

Property Taxes

6. **Property Transfer Tax:** a flat rate of 3% (IUP) on the attributed value to be paid before the Deed of purchase and sale. This is standard on all property purchases

7. **Notary Fees** 4.5% of the attributed value of the property.
8. **Holding property Annual Rates** – flat rate of 3% on 25% of the attributed value to be paid annually in April (or in two instalments in April and September of each year)
9. **Property Tax on Profit** – a 20% tax is levied on all income derived from a property i.e. rental income.
10. **Capital Gains Tax** – (i) Capital gains regarding plots for construction are taxable if their sale value exceeds a **100%** increase of the value at which they were initially purchased. (ii) Capital gains regarding any other property are taxable if their sale value exceeds a **30%** increase of the value at which they were initially purchased. In both (i) and (ii), the capital gain is taxed at a flat rate of **3%** and should be paid within 30 days of the Deed, together with the submission of a "Declaracao de mais valias" (Capital Gains statement).
11. **Inheritance/Gift Tax** – Any property transmitted by inheritance or by gift is taxed at a flat rate of **3%** on the attributed value.
12. **Capeverdean Will** Once you have acquired the property, it is advisable that you execute a Cape Verdean will to deal with your property in Cape Verde. Although an English will is valid, obtaining probate in Cape Verde is easier if there is a Capeverdean will. The general rule in Cape Verde is that the estate is divided equally between the next of kin and the /or siblings, i.e. if a husband or wife dies – the estate goes to the living partner. If there are children, 50% of the property is passed on to the living partner and the other 50% is divided equally between the siblings.

Other taxes

13. **VAT:** is equivalent to 15% on purchased goods.
14. **Income tax:** Private individual / Private Company or self employed person is liable for 20% on any income received within Cape Verde. A limited company is liable for 30% of the income earned (less costs)

