

Cabo Verde

Cabo Verde has met all aspects of the terms of reference (OECD, 2021^[3]) (ToR) for the calendar year 2021 (year in review), except for exchanging information on the tax rulings in accordance with the form and timelines under the transparency framework (ToR II.B). Cabo Verde receives one recommendation on this point for the year in review.

In the prior year's peer review report, as well as in the 2019 peer review report, Cabo Verde had received the same recommendation. As it has not been addressed, the recommendation remains in place.

Cabo Verde can legally issue three types of rulings within the scope of the transparency framework.

In practice, Cabo Verde issued no rulings within the scope of the transparency framework.

As no exchanges were required to take place, no peer input was received in respect of the exchanges of information on rulings received from Cabo Verde.

Information gathering process (ToR I.A)

224. Cabo Verde can legally issue the following three types of rulings within the scope of the transparency framework: (i) preferential regimes;¹ (ii) cross-border unilateral APAs and any other cross-border unilateral tax rulings (such as an advance tax ruling) covering transfer pricing or the application of transfer pricing principles; and (iii) permanent establishment rulings. During the year in review, Cabo Verde confirmed the possibility to issue rulings also on preferential regimes and cross-border unilateral tax rulings.

225. For Cabo Verde, past rulings are any tax rulings issued prior to 1 March 2019. However, there is no obligation for Cabo Verde to conduct spontaneous exchange of information on past rulings. Future rulings are any tax rulings within scope that are issued on or after 1 March 2019.

226. In the prior years' peer review reports, it was determined that Cabo Verde's undertakings to identify past and future rulings and all potential exchange jurisdictions were sufficient to meet the minimum standard. In addition, it was determined that Cabo Verde's review and supervision mechanism was sufficient to meet the minimum standard. During the year in review, Cabo Verde restated its intention to formalise these processes aimed at capturing the information adequately by developing guidance covering the information gathering process as well as the implementation of a revision and supervision mechanism for future rulings, including appropriate training for the relevant tax officers. Cabo Verde's implementation remains unchanged, and therefore continues to meet the minimum standard.

227. Cabo Verde has met all of the ToR for the information gathering process and no recommendations are made.

Exchange of information (ToR II.B)

Legal basis for spontaneous exchange of information (ToR II.B.1, II.B.2)

228. Cabo Verde has the necessary domestic legal basis to exchange information spontaneously. Cabo Verde notes that there are no legal or practical impediments that prevent the spontaneous exchange of information on rulings as contemplated in the Action 5 minimum standard.

229. Cabo Verde has international agreements permitting spontaneous exchange of information, including: (i) the *Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol* (OECD/Council of Europe, 2011^[1]) ("the Convention") and (ii) bilateral agreements in force with two jurisdictions.²

Completion and exchange of templates (ToR II.B.3, II.B.4, II.B.5, II.B.6, II.B.7)

230. In the prior years' peer review reports, it was determined that Cabo Verde did not have a process in place to complete the templates on relevant rulings in the agreed form, to make them available to the Competent Authority for exchange of information without undue delay, and to exchange them with relevant jurisdictions in accordance with the agreed timelines. Therefore, Cabo Verde was recommended to develop a process to complete the templates on relevant rulings and to ensure that the exchanges of information on rulings occur in accordance with the form and timelines under the transparency framework going forward. With respect to past rulings, no action was required. During the year in review, Cabo Verde indicated that this process is not yet in place and internal guidance is in the process of being developed to address this issue. Therefore, the prior year recommendation remains.

231. During the year in review, no exchanges were required to take place and no data on the timeliness of exchanges is reported.

Conclusion on section B

232. Cabo Verde has the necessary legal basis for spontaneous exchange of information. Cabo Verde does not have a process to complete the templates on relevant rulings and to make them available to the Competent Authority for exchange of information.

233. Cabo Verde is recommended to continue its efforts to develop a process to complete the templates for all relevant rulings and to ensure that the exchanges of information on rulings occur in accordance with the form and timelines under the transparency framework as soon as possible (ToR II.B).

Statistics (ToR IV.D)

234. As no rulings were issued, no statistics can be reported.

Matters related to intellectual property regimes (ToR I.A.1.3)

235. Cabo Verde does not offer an intellectual property regime for which transparency requirements under the Action 5 Report (OECD, 2015^[2]) were imposed.

Summary of recommendations on implementation of the transparency framework

Aspect of implementation of the transparency framework that should be improved	Recommendation for improvement
Cabo Verde does not have a process to complete the templates on relevant rulings and to make them available to the Competent Authority for exchange of information.	Cabo Verde is recommended to continue its efforts to develop a process to complete the templates for all relevant rulings and to ensure that the exchanges of information on rulings occur in accordance with the form and timelines under the transparency framework as soon as possible. This recommendation remains unchanged since the 2019 and 2020 peer review reports.

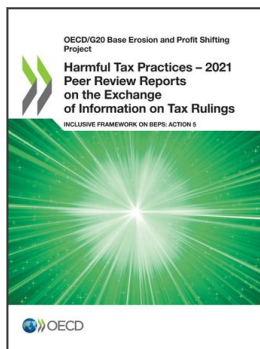
References

- OECD (2021), *BEPS Action 5 on Harmful Tax Practices - Terms of Reference and Methodology for the Conduct of the Peer Reviews of the Action 5 Transparency Framework*, OECD Publishing, Paris, <http://www.oecd.org/tax/beps/beps-action-5-harmful-tax-practices-peer-review-transparency-framework.pdf>. [3]
- OECD (2015), *Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance, Action 5 - 2015 Final Report*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://doi.org/10.1787/9789264241190-en>. [2]
- OECD/Council of Europe (2011), *The Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264115606-en>. [1]

Notes

¹ Maio Special Economic Zone.

² Participating jurisdictions to the Convention are available here: www.oecd.org/tax/exchange-of-tax-information/convention-on-mutual-administrative-assistance-in-tax-matters.htm Cabo Verde also has bilateral agreements with Portugal and Spain.



From:

Harmful Tax Practices – 2021 Peer Review Reports on the Exchange of Information on Tax Rulings Inclusive Framework on BEPS: Action 5

Access the complete publication at:

<https://doi.org/10.1787/4034ce42-en>

Please cite this chapter as:

OECD (2023), “Cabo Verde”, in *Harmful Tax Practices – 2021 Peer Review Reports on the Exchange of Information on Tax Rulings: Inclusive Framework on BEPS: Action 5*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/12793757-en>

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