

## Cabo Verde

Cabo Verde has met all aspects of the terms of reference (OECD, 2017<sup>[3]</sup>) (ToR) for the calendar year 2019 (year in review), except for exchanging information on the tax rulings in a timely manner (ToR II.5). Cabo Verde receives one recommendation on this point for the year in review.

This is Cabo Verde's first review of implementation of the transparency framework.

Cabo Verde can legally issue one type of ruling 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.

## A. The information gathering process

183. Cabo Verde can legally issue the following one type of rulings within the scope of the transparency framework: permanent establishment (PE) rulings. Rulings are issued by the National Director of the Revenue Authority.

### ***Past rulings (ToR I.4.1.1, I.4.1.2, I.4.2.1, I.4.2.2)***

184. 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 (ToR I.4.1.1, I.4.1.2, I.4.2.1)***

185. For Cabo Verde, future rulings are any tax rulings within scope that are issued on or after 1 March 2019.

186. The National Director's office is the office responsible for the issuance of rulings and identification of whether any rulings issued fall into scope of the transparency framework. All requests are recorded in a dedicated register. A team appointed by the National Director of the Revenue Authority conducted a manual review of all files pertaining to tax rulings to identify potential future rulings in scope. Each physical file was manually read and reviewed to determine whether it fell into scope of the transparency framework rulings categories.

187. Although Cabo Verde has not issued any future rulings, Cabo Verde has indicated that all potential exchange jurisdictions could be identified through the review carried out by the National Director's office of all available information included in the taxpayer's file and by analysing information from the annual corporate income tax return.

188. To date no rulings within the scope of the transparency framework have been issued. As such, there was no need to identify potential exchange jurisdictions.

### ***Review and supervision (ToR I.4.3)***

189. The National Director's office is always able to collect information relating to the tax rulings that are in the scope of the transparency framework and to the relevant exchange jurisdictions. Tax officers in the National Director's office review the accuracy of this information. However, Cabo Verde indicated its intention to formalise this process 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.

### ***Conclusion on section A***

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

### ***Legal basis for spontaneous exchange of information (ToR II.5.1, II.5.2)***

191. 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.

192. Cabo Verde has international agreements permitting spontaneous exchange of information, including being a party to the (i) *Multilateral Convention on Mutual Administrative Assistance in Tax*

*Matters: Amended by the 2010 Protocol* (OECD/Council of Europe, 2011<sup>[4]</sup>) (“the Convention”) and ii) bilateral agreements in force with two jurisdictions. Cabo Verde signed the Convention on 26 November 2019 and ratified on 6 January 2020. The Convention entered into force on 1 May 2020. Since the Convention will have effect for administrative assistance related to taxable periods beginning on or after 1 January 2020, no exchanges could occur under the Convention for the year in review.<sup>1</sup>

### **Completion and exchange of templates (ToR II.5.3, II.5.4, II.5.5, II.5.6, II.5.7)**

193. Cabo Verde is still developing a process 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.

194. As Cabo Verde did not issue any rulings in scope of the transparency framework during the year in year in review, no exchanges were required to take place and no data on the timeliness of exchanges is reported.

### **Conclusion on section B**

195. Cabo Verde has the necessary legal basis to undertake 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.

196. Cabo Verde is 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 (ToR II.5).

## **C. Statistics (ToR IV)**

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

## **D. Matters related to intellectual property regimes (ToR I.4.1.3)**

198. Cabo Verde does not offer an intellectual property regime for which transparency requirements under the Action 5 Report (OECD, 2015<sup>[1]</sup>) 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 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.

## References

- OECD (2017), *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://dx.doi.org/10.1787/9789264241190-en>. [1]
- OECD/Council of Europe (2011), *The Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264115606-en>. [4]

## Notes

<sup>1</sup> Parties to the Convention are available here: [www.oecd.org/tax/exchange-of-tax-information/convention-on-mutual-administrative-assistance-in-tax-matters.htm](http://www.oecd.org/tax/exchange-of-tax-information/convention-on-mutual-administrative-assistance-in-tax-matters.htm). Cabo Verde also has bilateral agreements with Macau (China) and Portugal.



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