

Cape Verde Property Buyers Guide



The process of purchasing property in Cape Verde generally involves the following steps:

1. Carry out Land Charges Searches at the local Municipal Authority and Land Registry Offices.

These will reveal whether there are charges registered upon the property or any restrictions on title. The existence of a valid habitation permit is a precondition for a valid conveyance of built property to take place in Cape Verde and the existence of such permit presumes that a valid building licence was issued previously.

The documents which should be obtained are the "Certidao do Registo Predial" (land registry certificate), "Planta de Localizacao" (official map with the property's exact location) and the "Certidao Matricial" (tax information certificate).

If the property is not registered, it is necessary to obtain a "Certidao pela negativa" (a certificate confirming that the property is not registered in anyone's name) and a "Certidao matricial para o efeito" (a tax certificate confirming this). With these two documents, it will be possible to register the property.

2. Check the payment of tax regarding the property, and bills for electricity and other services by asking the vendor to produce evidence of payment of such invoices.

3. We will also need to obtain a power of attorney from you to represent you in the promissory contract and deed, and also to request the necessary tax cards on your behalf. We will draft the power of attorney in Portuguese and attach a translation to English for your perusal.

This document will have to be signed before a Notary and duly legalised by the Cape Verde Honorary Consul in Liverpool before it is returned to us. Please note that we may deal with the legalisation of this document on request.

4. Obtain a tax card on the purchaser's behalf.

5. Sign the Promissory Contract of Purchase and Sale ("Contrato Promessa de Compra e Venda").

At this stage the purchaser will normally be expected to pay a deposit, which is negotiable (10% or lately 30% is common practice).

In Cape Verde, the parties are contractually bound on signature of this Promissory Contract of Purchase and Sale, which sets out the terms of the transaction (property details, price, method of payment, completion date, warranties, penalties, etc.).

This contract should be signed before a Notary Public in Cape Verde. Until such contract is exchanged the vendor is not committed and can change his mind.

Payment of the property tax called "**IUP**" tax, respecting the transfer.

6. Sign the final Deed of Conveyance called the "Escritura" which has to be done before a Notary Public in Cape Verde. This is the document that gives the purchaser proper title to the Property. The Deed must be scheduled with a minimum of 30 days' notice.

7. Register the purchase at the local Land Registry and local Municipal Authority so that title is enforceable against third parties. In Cape Verde, subsequently to the signature of the Deed, the Notary will prepare and send a report to the local Municipal Authority regarding the transaction. The Municipality will then update its records accordingly and register the new ownership of the property.

Notarial and registration fees and stamp duty can be expected to be approximately 2.5% of the property's attributed value. They are payable on signature of the Deed of Conveyance.

8. Services A contract needs to be signed with the providers of services, such as water, gas and electricity. We do not normally arrange this for clients, but can assist on request. Clients are advised to arrange for final meter readings to take place prior to completion.

9. The Taxes regarding Property can be listed as the following:

Transfer Tax – flat rate of 3% on the attributed value to be paid before the Deed of purchase and sale.

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)

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).

Inheritance/Gift Tax – Any property transmitted by inheritance or by gift is taxed at a flat rate of 3% on the attributed value.

Capeverdean Will

Once you have acquired the property, it is advisable that you execute a Capeverdean 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.

Visas

A Tourist Visa has a duration of 90 days. It may be extended at the Serviços de Fronteiras (Frontier Service) for another 90 days. This extension must be requested before the initial 90 days have elapsed. The time for processing such a request varies from island to island, the fastest being in Praia and may take up to 5 days. A fee must be paid in the region of 30 euros.

Furthermore, if a foreigner wishes to extend his stay further, and is involved in some type of job or service, he may obtain a Declaração de Trabalho (Work Statement) from the entity employing him, which will allow the Visa to be extended up to a maximum period of a year, including the time already elapsed under the initial Tourist Visa.