BRIS GROUP

MADEIRA

INTERNATIONAL BUSINESS CENTRE COMPANY (IBC)

CLIENT GUIDE 2026

Portuguese / EU company with the Madeira IBC preferential tax regime

Professional company formation and ongoing corporate administration

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Madeira International Business Centre Company at a Glance

The **International Business Centre of Madeira (IBC / CINM)** is a Portuguese and EU-approved business regime operating in the Autonomous Region of Madeira. Companies licensed within the IBC are Portuguese companies subject to Portuguese company law, but qualifying licensed activities can benefit from the special Madeira IBC tax incentives.

Topic	Current legal / practical position
Current entry deadline	Under Article 36-A of the Portuguese Tax Benefits Statute, qualifying entities must be licensed to operate in the Madeira Free Trade Zone / IBC by **31 December 2026**.
Preferential CIT	Qualifying income of licensed entities is taxed at **5%** corporate income tax until **31 December 2033**.
International services	For service companies, the 5% rate applies to qualifying income from operations with **non-residents in Portuguese territory** or with other entities licensed in the Madeira IBC, subject to the statutory exclusions.
Substance	The tax regime requires genuine employment and, for companies creating 1-5 jobs, minimum investment of **EUR 75,000** in qualifying fixed assets within the first two years.
Taxable-income caps	The amount of income benefiting from 5% is capped according to the number of jobs created.
Portuguese / EU company	The company remains a Portuguese legal entity and can access Portugal's EU and treaty framework subject to applicable conditions.
IBC licence	An IBC operating licence is required in addition to incorporation of the Portuguese company.
Annual IBC fee	For international service companies, the official IBC administrator states an annual operating fee of **EUR 1,800**, in addition to the EUR 1,000 application fee.

The Key Madeira Tax Advantage

A genuine 5% EU corporate tax regime

Unlike many European jurisdictions where foreign ownership does not change the ordinary corporate tax rate, Madeira's IBC has a **specific statutory 5% corporate income tax regime**. Article 36-A now expressly permits licensing through 31 December 2026 and the 5% rate through 31 December 2033, provided all eligibility, substance, activity and benefit-cap requirements are satisfied.

Eligibility / Substance Requirements

- Create **1 to 5 jobs** within the first 6 months of activity and invest at least **EUR 75,000** in tangible or intangible fixed assets within the first 2 years; or
- Create **6 or more jobs** within the first 6 months of activity.
- The company must begin its activity within 6 months from licensing; industrial and maritime/air transport activities have a 1-year start period.
- The 5% benefit is subject to statutory taxable-income ceilings linked to job creation and overall State-aid benefit limits.

5% Taxable-Income Ceilings

Topic	Current legal / practical position
1-2 jobs	5% rate applies up to **EUR 2,730,000** annual taxable income; EUR 75,000 investment requirement applies.
3-5 jobs	5% rate applies up to **EUR 3,550,000**; EUR 75,000 investment requirement applies.
6-30 jobs	5% rate applies up to **EUR 21,870,000**.
31-50 jobs	5% rate applies up to **EUR 35,540,000**.
51-100 jobs	5% rate applies up to **EUR 54,680,000**.
More than 100 jobs	5% rate applies up to **EUR 205,500,000**.

Additional State-Aid Limits

The official IBC guidance also states that the annual tax benefits are subject to one of the statutory maximum limits, including **20.1% of annual gross value added**, **30.1% of annual labour costs**, or **15.1% of annual turnover**. These limits must be monitored as part of annual tax compliance.

Which Income Qualifies for 5%?

For international service activities, Article 36-A applies the reduced rate to income from operations carried out with entities established in the Madeira IBC or with **non-residents in Portuguese territory**, excluding Portuguese permanent establishments situated outside the IBC. Income from business with Portuguese-resident entities generally does not qualify for the special 5% IBC rate and is subject to the applicable general Madeira/Portuguese rules.

Important distinction

Madeira IBC is not a 'no-tax offshore company'. It is a **licensed, substance-based preferential EU regime**. The 5% rate is genuine, but it applies only when the company and its income satisfy the statutory IBC conditions.

Dividends & Shareholder Withholding Tax

The official Madeira IBC guidance states that qualifying distributions by licensed IBC companies can benefit from **0% withholding tax on dividends** paid to qualifying non-resident individual or corporate shareholders, excluding blacklisted jurisdictions and subject to the statutory conditions. Where the exemption does not apply, ordinary Portuguese rules and treaty relief must be considered.

Participation Exemption

Madeira IBC companies are integrated into the Portuguese corporate tax system and can also benefit from Portugal's participation-exemption framework where its statutory conditions are met. The IBC administrator's current guidance highlights potential 0% treatment for qualifying dividends/capital gains relating to participations, subject to minimum participation, holding period and other requirements.

Stamp Duty & Local Tax Benefits

The IBC administrator states that qualifying IBC documents, contracts and operations can benefit from an **80% exemption from stamp duty** where the other parties are non-resident in Portugal or are also IBC entities. It also identifies an 80% exemption for specified municipal property, transfer, regional/municipal surtax and other local taxes, subject to the applicable legal conditions.

VAT in Madeira

Madeira forms part of the Portuguese VAT system but has autonomous-region rates. Article 18 of the Portuguese VAT Code currently provides Madeira rates of **4%**, **8%** and **15%** corresponding to the reduced, intermediate and standard categories. The actual VAT treatment of international services and EU/non-EU transactions depends on place-of-supply and other VAT rules.

Documents Required from the Client

- Passport / identification for shareholders, directors/managers and UBOs.
- Recent proof of residential address.
- For corporate shareholders: incorporation, constitutional, management and ownership-chain documents.
- Proposed company name and detailed description of licensed activities.
- Countries of customers, counterparties and expected operations.
- Business plan, projected turnover and expected transaction profile.
- Planned Madeira employment positions and salary/employment arrangements.
- Evidence / plan for the EUR 75,000 investment where the 1-5 job route is used.
- Source-of-funds and, where appropriate, source-of-wealth evidence.

IBC Licence & Formation Process

1. Structure and activity eligibility review **2.** KYC/AML approval **3.** IBC licence application & Portuguese company formation **4.** Madeira substance/employment setup **5.** Tax/VAT and banking setup **6.** Ongoing IBC and Portuguese compliance

The official IBC administrator states that the licence application is submitted in Portuguese to **S.D.M. - Sociedade de Desenvolvimento da Madeira, S.A.**, addressed to the Regional Government of Madeira. An application may be made for an existing Portuguese/foreign company or for a company to be incorporated, and branches may also be licensed where appropriate.

Official IBC Fees - International Services

Topic	Current legal / practical position
Application fee	**EUR 1,000** for service-oriented companies.
Annual operating fee	**EUR 1,800** for service-oriented companies.
SGPS holding company	Application fee EUR 1,000. Official guidance states annual operating fees of EUR 1,800 for the first year and thereafter EUR 1,800 plus 0.5% of prior-year taxable income above the first EUR 1 million, with the variable component capped at EUR 30,000.

Accounting & Annual Compliance

An IBC company remains a Portuguese company and is subject to Portuguese accounting, corporate and tax-compliance requirements in addition to the IBC licence/substance conditions. Proper accounting records, annual accounts, corporate tax filings and relevant VAT/payroll reporting must therefore be maintained.

Substance must continue after formation

The IBC benefit depends on maintaining the required economic substance and employment. It is not enough merely to incorporate a company in Madeira. Job creation, qualifying activity, investment where applicable, taxable-income caps and other benefit limitations must be monitored throughout the incentive period.

Annual Compliance Checklist

- Maintain Portuguese company registration and Madeira registered-office arrangements.
- Maintain the IBC operating licence and pay applicable annual licence fees.
- Maintain the required number of Madeira jobs.
- Complete and evidence the EUR 75,000 investment where required.
- Monitor the statutory taxable-income ceiling applicable to the company's employment level.
- Monitor annual State-aid benefit limits.
- Maintain proper accounting books and prepare annual financial statements.
- File Portuguese/Madeira corporate tax returns and pay tax due.
- Submit VAT and payroll/social-security reporting where applicable.
- Review dividend withholding-tax exemption conditions before distributions.
- Maintain current shareholder, management and UBO information.
- Review transfer pricing and related-party transactions where applicable.

Bank Account & Operational Setup

A Madeira IBC company may apply for banking in Portugal, elsewhere in the EEA or internationally, subject to each institution's policies. Banks may request Portuguese corporate and IBC licence documents, UBO information, source of funds/wealth, business plan, customer/supplier countries, contracts, projected turnover and evidence of genuine Madeira substance.

Why Madeira IBC Can Be Attractive

Topic	Current legal / practical position
5% corporate tax	Statutory preferential rate on qualifying income through 31 December 2033.
EU framework	Portuguese company operating within an EU-approved State-aid regime.
Dividend potential	0% shareholder withholding can apply to qualifying distributions under IBC rules.
Treaty network	Potential access to Portugal's double-tax treaties subject to treaty and anti-abuse conditions.
Participation regime	Portuguese participation exemption may benefit qualifying holding structures.
International services	Particularly relevant for genuine international trading, consulting, management, technology and other eligible services.

How BRIS Group Supports You

Eligibility review - Assess whether the client's proposed activities and counterparties can qualify for the Madeira IBC regime.

Formation & licence - Coordinate Portuguese company incorporation and the Madeira IBC licensing process.

Substance planning - Coordinate the required Madeira employment and qualifying investment arrangements with local professionals.

Registered office - Coordinate Madeira registered-office and corporate-administration services where available.

KYC / UBO - Coordinate shareholder, management, UBO and source-of-funds/wealth due diligence.

Accounting & tax - Coordinate Portuguese/Madeira bookkeeping, annual accounts, CIT, VAT and payroll support.

Banking preparation - Prepare the corporate, licence and KYC package and coordinate introductions where available.

Annual compliance - Monitor licence fees, substance conditions, benefit ceilings, corporate filings and ongoing administration.

Professional Fees & Quotations

Tailored quotation

This brochure is an informational guide to Madeira IBC company formation and maintenance and is not a fee quotation. BRIS Group professional fees, Portuguese company-formation costs, official IBC fees, registered-office services, employment/substance setup, accounting/tax, payroll, certified documents, banking support and other optional services are quoted separately according to the structure and required work.

Important Legal Notes & Official Sources

This brochure is a general commercial guide and does not constitute Portuguese, Madeira or foreign legal, tax, accounting, regulatory or investment advice. The **5% Madeira IBC rate is a genuine statutory preferential rate**, but it is not automatic. It depends on licensing by the required deadline, qualifying activities/income, job creation, investment where applicable, taxable-income ceilings and overall benefit limits.

Primary official/legal sources reviewed: Portuguese Tax and Customs Authority (Autoridade Tributária e Aduaneira), Article 36-A of the Tax Benefits Statute as amended by Law 73-A/2025, and Article 18 of the VAT Code; Madeira International Business Centre / S.D.M. current official guidance on tax benefits, licensing, activities and fees; and Madeira Regional Government 2026 tax information.

Information reviewed: August 2026. The current legislation permits new IBC licences through **31 December 2026**. Because this is a time-limited State-aid regime, eligibility and the remaining licensing window should be reconfirmed immediately before proceeding.

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Professional incorporation, IBC licensing and corporate administration for international clients.