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TAXATION AS A DRIVER FOR PORTUGUESE FOREIGN DIRECT INVESTMENT IN NETHERLANDS: MYTH OR REALITY?

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Abbreviations

APAs – Advanced Pricing Agreements

ATRs – Advance Tax Rulings

BEPS – Base Erosion Profit Shifting

CIT – Corporate Income Tax

DB – Dividend Withholding Tax Law of 1965

EC – European Commission

ETR – Effective Tax Rate

EU – European Union

FDI – Foreign Direct Investment

IB – Individual Income Tax Law of 2001

IBFD – International Bureau of Fiscal Documentation

LGT – Lei Geral Tributária

MNCs – Multinational Companies

NACE – Statistical classification of economic activities in the European Community

NL - Netherlands

OECD – Organization for Economic Cooperation and Development

Orbis – Orbis Bureau Van Djik

PE – Permanent Establishment

P/L – Profit and loss accounts

SPEs – Special Purpose Entities

UNACTED – United Nations Conference on Trade and Development

US – United States

Vpb – Netherlands Corporate Income Tax Code

WIR – World Investment Report

Abstract

Together with the increased internationalization of the companies, as an answer to the challenges of globalization, emerged the interaction between different tax systems. In this context, MNCs exploited gaps and differences between tax systems in order to reduce the tax burden. As a result, the taxation became an area of attention and highly considered as a key factor in the decision of internationalization.

The present study aims to identify the countries where the Portuguese companies normally invest, and how taxation influence that decision of investment.

With this objective, a comparative analysis between the Portuguese tax system and the tax system of the country where the Portuguese companies more invest in was made.

It was also made a financial analysis to a set of Portuguese companies with presence in that country, in order to analyse the nature of its activities, the functions performed, the assets owned and the risks assumed by those companies.

The results allowed to identify the existence of differences in Portuguese taxation regime and the Dutch tax regime, namely regarding the business profits, capital gains, dividends and interests/loans.

Finally, it was possible to conclude that the tax regime assumes a great importance for the investment decision. However, it was possible to conclude that the investment of the companies analysed does not correspond to genuine FDI, but to the creation of SPEs, which in turn were platforms for the investment and internalisation of the group, allowing the group benefit from the advantages of the Dutch tax regime.

Key Words: foreign direct investment; taxation; special purpose entities; holding companies

JEL Classification System:

F23 – Multinational Firms; International Business

Y40 - Dissertation

Resumo

A par da crescente internacionalização das empresas como resposta aos desafios da globalização emergiu também a interação entre os diversos sistemas fiscais. Neste sentido as multinacionais tem explorado as diferenças existentes entre estes com o objetivo de diminuir o montante de impostos a pagar.

O presente estudo visa identificar os países mais representativos do investimento português no estrangeiro e o modo como a fiscalidade pode influenciar a decisão de investimento para os mesmos.

Assim, realizou-se uma análise comparativa entre o sistema fiscal português e o sistema fiscal do país mais representativo do investimento português no estrangeiro.

Adicionalmente realizou-se uma análise económica a um conjunto de empresas portuguesas com presença neste país de modo a identificar as funções desempenhadas, os riscos assumidos e os ativos empregues na sua atividade.

Os resultados permitiram identificar diferenças entre os dois sistemas fiscais, nomeadamente no que respeita à tributação de dividendos, juros e mais-valias.

Por último foi possível concluir que a fiscalidade assume um papel de relevo na decisão de investimento e que o investimento realizado pelas empresas em análise não corresponde a um genuíno investimento na Holanda mas à criação de *SPEs*, utilizadas pelos Grupos como plataformas para potenciar o seu investimento no estrangeiro, beneficiando das vantagens do sistema fiscal holandês.

Palavras-chave: investimento direto estrangeiro; impostos; *special purpose entities*; sociedades gestoras de participações sociais

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Index

Tables Index

Graphics Index

Figures Index

1 Introduction

1.1 Context

Although the globalization is not new, in the near past an increasing integration of different economies and markets was registered. The free movement of capital and people, the shift of manufacturing factories for low-cost locations, the elimination of trade barriers and also the technological evolution have been creating a huge impact on development of cross border activities.

In this regard in the last decades the globalisation has boosted trade and internationalization, which plays an important role for the MNCs development. Nowadays the MNCs represent a large percentage of the worldwide GDP. In this context, also the intragroup flows have grown significantly, and represent an important proportion of the international trade.

With global markets and with the increase of the internationalization, the MNCs (re)design it value chains in order to become global and more effective and efficient. As a consequence, emerges the fragmentation of the value chain, which enhance the challenge of how to determine where the profits should be taxed.

In this context, and considering the coexistence of different tax regimes and that the tax is not only applied to the local income, double taxation exist. However this barrier to the internationalization was solved or minimized with the bilateral tax treaties, which avoid the double taxation on profits from cross-border activities. However, the differences of the tax regimes have been contributing to the existence of situations of non-double taxation.

The artificial fragmentation of the taxable income between the activities that generate it was identified as one of the major challenges regarding the international taxation matters nowadays.

In this context, intragroup transactions are one of the most discussed matters in the current international tax field. Transfer pricing rules exist to help the different jurisdictions in the collection of the appropriate taxes in regard to a decentralized value chain, as it imposes that the prices practiced in the context of controlled transactions have to be align to the functions performed and risks undertaken.

By comparison to the terms and conditions agreed between unrelated parties in a comparable transaction or activity, the country ensure that the profits are correctly allocated to a specific group company (and to the geography) taking in consideration the functions developed and the risks assumed.

Together with the globalization and internalization, is usual to see MNCs setting up SPEs (as such holding companies or financial hubs), as part of their strategy. With this structures the MNCs, directly or indirectly, potentiate its operational and tax efficiency, by capturing funds to finance the foreign investments, having easier access to other countries and having more flexibility in case of disinvestment.

Today's taxation benefits could not only be obtained in tax havens but also in countries classified as privileged tax systems located in Europe, from which stands out Ireland, Switzerland or Netherlands.

As such, the decision about the location where to invest can impact the competitiveness of the MNCs as it can impact their costs. The taxes have become a critical issue for MNCs once lead to decrease their revenues and can increase the costs to ensure tax compliance.

In parallel, the cases of MNCs investigated because of international tax planning structures in the context of its internationalization have increased significantly. Starbucks, Apple and Amazon are some of the most recent and biggest cases investigated.

In 2013 several discussion and projects were started concerning base erosion and profit shifting (BEPS project) with the aim of a better alignment between the international tax planning instruments and the economic activities performed in each country.

BEPS project aims to address situations of non-double taxation in consequence of the differences or mismatch between tax regimes of different countries.

The 13 actions of BEPS project were focused on the challenges behind the international taxation mismatches, the digital economy, the intragroup transactions and the prices behind that, the preferential regimes and the effectiveness of anti-abuse measures.

1.2 Research Problem

The decentralization of the value chain of the MNCs have increased the complexity of determination of how much and where the profits should be taxed.

The fact that each country have its tax regime, increases the opportunities for taxpayers develop tax planning schemes that sometimes could result in tax avoidance.

The tax avoidance schemes through the shift of income from higher tax jurisdictions to lower tax jurisdictions have been creating a gap between the country were the value is created and the country where the tax is paid.

As a result some European countries have a prominent role for FDI location, and consequently seems important to understand what drives the investment in those countries with a tax systems considered privileged.

In this regard, there are several researches developed in order to identify the relation between the FDI and the tax regime of the destination country.

However, there's a gap between the conclusions stated by the various authors that have studied this theme. Also a lack of information regarding the countries analysed exist, once the majority of the data collected refers to US.

Bearing this in mind, the present dissertation aims to identify the gaps between the Portuguese tax system (before and after the CIT reform) and the tax regime of the most representative country of Portuguese outward FDI, in order to understand if in somehow this could be a driver to the investment in that country.

The study will be complemented through a functional and economic analysis of a set of Portuguese MNCs with presence in that country (through a subsidiary), in order to identify the structure of the investment in this country and also the possible tax savings obtain by structuring the internationalization through the investment in that country.

1.3 Objectives

The main objective of this dissertation is identify the countries where the Portuguese investors had setting-up companies as a consequence of their intention to grow and internationalize their business and analyze if taxation could be considered an important driver for the investment (or if it is a myth).

More specifically this dissertation aims to:

- Get some insights about the drivers of internationalization, namely through FDI and consequently verify if taxation is one of those drivers.
- Analyze the outward Portuguese FDI and identify the country where the Portuguese companies more invest in.
- Identify patterns of investment and businesses structures of the companies.
- Examine the differences among the tax systems of the Portuguese and the country where the investment is made.

- Analyze the functions performed by a set of companies with presence in that jurisdiction, namely their business structure and their role within the group.
- Identify whether exists advantages of developing activities under the law of the foreign country, instead of in Portugal.
- Discuss if the investment made by the set of companies analyzed could be considered true internationalization.
- Conclude about the role that the foreign company plays in the international tax planning structure of the Group.

1.4 Dissertation structure

The present dissertation is developed in 8 chapters, namely:

- **Introduction**: is the present chapter, where the context of the increasing importance of tax in the MNCs internationalization and the differences among the tax systems worldwide are presented. Also in these section is made a description of the dissertation objectives.
- **Literature review**: in these section was presented the different theories of internationalization; the different types/stages of internationalization; the motives behind the internationalization; the different tax systems worldwide; the differences between tax planning structures and aggressive tax planning structures as also as the state of the art about the correlations between tax variables and internationalization choices in order to obtain some insights about the role of tax themes in the context of growing internationalization.
- **Methodology**: in these section is presented the rational used to evaluate if taxation could be pointed out as a driver for Portuguese investors in the country with major representativeness regarding the Portuguese outward FDI as also as the methods and the tools used to perform this analysis.
- **Foreign Direct Investment**: in this chapter is made an analysis of the evolution of outward FDI worldwide and in Portugal. Was identified the country where the Portuguese FDI is higher (from 2012 to 2014). Additionally, it is also evaluated the weight that SPEs have in Portuguese FDI context.
- **Portuguese FDI in the selected country – Activities of holding companies**: considering the statistical analysis and the representativeness of the holding companies in the selected country, in these section is made an analysis of the functions and structure

of the Sonae, EDP, Semapa, Galp, Jerónimo Martins, Cimpor and REN financial/holding company in the selected country.

- **Corporate income tax systems:** in this section was described the tax systems[1] in Portugal and in the selected country and identified the main differences among them. It was also stated the reasons behind the Portuguese CIT reform.
- **Discussion of results:** in these chapter was presented the conclusions underlying the clusters founded in the chapter 5 and also the fiscal motivations to the FDI through the selected country, taking in consideration (as an hypothesis) the maintenance of those activities/function in Portugal.
- **Conclusions and insights for future research:** in these section was point out the conclusions of the work and some insights to be explored in future researches.

2 Literature review

2.1 Internationalization

According with Cardeal (2014: 209) the internationalization strategy is defined as the way as the company address its activities outside its country, taking into account the specific needs of the clients; the competitors' movements and the reality of each country.

Internationalization is identified as a possible answer to the challenges of globalization namely the ones generated by the adverse economic and financial conditions (Rua & Melo, 2015: 71).

Notwithstanding, Calof & Beamish (1995) consider another variable in the internationalization definition the de-investment. The authors considered that internationalization is more than increasing the connection of companies in foreign markets, which means that firms sometimes need to drop a product, sell a foreign production plant or divest a division and consequently internationalization should be the process of adaption the firms operations, namely strategy, structure and resources to the international environment.

2.1.1 Internationalization theories

According with Porter (1990) in a world of increasing globalization the differences across nations, namely national values, culture, economic structures, between others have contributed to achieve competitive success. So, Porter consider that are different patterns of competitive across nations, which means that a nation will not be competitive in every industries. In this regard, Porter identifies as determinants of national competitive advantage the following

[1] The description of the Portuguese tax system was based on the rules in force between 2012 and 2013

attributes: i) factor conditions (the nations positioning regarding the factors of production); ii) demand conditions (the nature of the product/service demand in the home-market); iii) related and supporting industries (the existence or not of supplier industries in the country) and iv) firm strategy, structure and rivalry (the conditions of a country regarding the companies creation, organization and management).

On other perspective Buckley & Casson (1976) and Rugman (1979) in Costa & Carvalho (2016: 73) argues that the companies take advantage of market imperfections, through the using of specific factors that gave to them a competitive advantage when compared with the other market players. In accordance with this theory, the companies will internalize the operations until the costs associated to this transactions are higher than the ones that derivate from their organizational integration; the company grows by internalizing markets until the benefits of that internalization compensate the costs.

Johanson & Wiedersheim-Pau (1975), identified different steps regarding the internationalization process, considering the degree of involvement with the international market. They are: i) lack of regular export activities; ii) using of agents/independent representatives to export; iii) create a sales local subsidiary and iv) create a productive subsidiary.

Cavusgil (1980), also defends that the internationalization process is evaluative, identifying 5 stages: domestic marketing, pre-export stage; experimental involvement; active involvement and committed involvement function of the ratio exports/invoice.

Also Welch & Luostarinen (1988) believes that the internationalization process is progressive in what respect to the operations mode as also as the diversity of modes use, the products offered and the markets penetrated.

However, Oviatt and McDougall (1994) in Chetty & Campbell-Hunt (2004) introduces a new view of internationalization, the born global view. According with this theory the companies do not internationalize progressively, differently, they take advantage of the use of resources and sales to multiple nations since its set-up, which accelerate the process of internationalization.

Chetty & Campbell-Hunt (2004) states that both views, the traditional (progressively) and the born global view, consider important a prior experience and knowledge about the country or market where the company will invest, which could be acquired early on the life of the firm in born-global approach. Also both views classify the networks as an important variable for internationalization notwithstanding for born global firms the networks need to be extensive enough to rapidly support the exposure of the company to multiple markets. Although, the authors identify some differences between the above mentioned theories, for example, the relevance of the physic distance, once in contrast with the traditional approach, the born global approach considered that this variable becomes irrelevant during the internationalization process.

2.1.2 Phases and the patterns of international competition

Texeira & Diz (2005: 74) recognized four different phases regarding the internationalization process. Firstly companies have an ethnocentric orientation which means that they are international companies; then companies have a polycentric orientation, so they are multinational companies; after that they could be classified as a global company once they have a mixed orientation. Only when a company is integrated at a worldwide level could be recognized as a transnational company.

According with Porter (1986: 18), the international competition configuration have a spectrum that vary from multidomestic to global. Multidomestic strategies implies that companies have presence in many countries although competition occurs on a country-by-country basis. While in a Global strategy the way that the company is positioned in one country influence the way the group will be positioned in the other(s), once the activities are integrated worldwide with the aim of obtain synergies among countries.

However, Hitt *et al*., (2009: 236), introduces a new type of international corporate strategy, identified as transnational, that is regarded as local responsibility and global integration and coordination.

2.1.3 Internationalization spectrum

There are many ways to access to a market, according with Grant (2013: 287), internationalization could be perform trough trade defined as the sale and delivery of goods from one country to another and/or through direct investment defined as building or acquiring assets in another country. In the first one the objective is to exploit market opportunities, while in the second the objective is to exploit resources and capabilities available in other markets.

Teixeira & Diz (2005: 77) consider another classification: exports (most common form to access initial in a new market); contractual form (franchising, licensing, strategic alliances and join-ventures) and foreign direct investment.

2.1.4 Factors to be considered

Companies decide to develop the business in foreign countries for different reasons and motivations.

According with the electric or OLI paradigm, four conditioning variables were identified regarding internationalization: resource seeking, the ability to access to new and/or cheaper resources; market seeking, the advantages that emerge as a consequence of opportunities exploration in greater markets; efficiency seeking, the advantages based on economies of scale and strategic asset seeking, the capacity and advantage of acquire new assets instead of explore the existing ones (Dunning, 2000).

Hymer (1976) in Costa & Carvalho (2016: 72) state that the MNCs motivations for internationalization is a result of the market imperfections, namely i) imperfections in goods market (for instance brands, marketing skills and product differentiation); ii) imperfections in factor markets (for instance technology, management skills, difference is access to resources); iii) imperfections in competitiveness regarding the external and internal economies of scale; and iv) imperfections in competiveness consequence of the government politics to attract investment.

Buckley & Ghauri (1999: 92-95) identified the resources availability; the knowledge development; the communication networks; the risk and uncertainty; the control of resources and kwon how and the commitment of resources and people as the conditioning factors of the internationalization process.

Nevertheless, Teixeira & Diz (2005: 61-63) highlight as key: the access to cheaper resources; the market share; the lower taxes; the strengthening the network of relationships; the reaction to competitors actions; the access to capabilities and the higher counterparts to the investment.

Deveraux, (2012) pointed out another factor since he considered that taxation also could influence the internationalization choices, for instance: where to locate the business; the scale of investment; the form of income and the source of finance. According with him, the ETR applied in each host country affect the location choices of companies.

According with Cardeal (2014: 211), the leverage for internationalization is grouped into: market levers; cost levers; governmental levers and competitive levers.

Intrinsic motives, mixed motives and extrinsic motives could be pointed out concerning the internationalization motives, the first one respects to efficiency approaches and resource advantages; the second one respect to competitiveness and sector position; and the third respect to home and host country characteristics (Tulder, 2015).

According with Blonigen (2005), companies decide to internationalize through FDI, which means through affiliates instead of other options in order to take full advantage of the intangible assets such as technologies or managerial skills.

Czinkota *et. al* (2011: 430) argues that a variety of motivations can contribute to companies go abroad. For the author there are two main groups regarding the motives of internationalization: the proactive and reactive motives, in the first case the companies' internationalize because they want to do it and in the second case they internationalize because they have to do it to respond to market changes. In this regard, proactive motivations include the following features profit advantage, unique products, technological advantage, exclusive information, tax benefit and economies of scale, while the reactive include competitive pressures, overproduction, stagnant or declining in domestic sales, excess of capacity, saturated domestic markets and proximity to customers and ports.

2.1.5 Value chain

In line with what was mentioned before, according with Ibrahim *et al*., (2015), the globalization phenomena have changed the business world and consequently emerges the new concept of supply chain: global supply chain. In accordance with Torres & Mahmoodi, (2008) with these changes the companies have the opportunity to purchase from low cost countries and at the same time sell internationally. As Reyes *et al*., (2002) mentioned to respond to the new market trends and demand companies are pursuing global supply chain strategies in order to reduce costs and increase productivity.

To cut costs, acquire new technologies and / or enlarge market share in the context of globalization is necessary to act with a global chain strategy (Gereffi, 1999).

Prasad & Sounderpadian (2003) and Balan *et al*., (2006) define global supply chains as a range of companies networking and outsourcing across the globe.

Therefore, according with Manuj & Mentzer (2008 b), the global supply chains are risker than the domestic supply chains.

2.2 Taxation

Tax is defined as a compulsory contribution imposed by government upon individuals for the use and service of state. In this regard, three bases of taxation could be identified: Income, Capital and Expenditure (Lymer & Hasseldine, 2002: 2).

Although there are specific and different tax regimes in each country, a range of economic principles were identified in order to have an harmonious tax system, which are: i) equity - fair impact in the shadow of tax payers; ii) certainty - tax payer could determine the impact of tax on their economic activities; iii) convenience - easy for tax payer to pay and iv) efficiency - should not influence the tax payer allocation of resources (Lymer & Hasseldine, 2002: 4).

2.2.1 Corporate income tax

Corporate tax is defined as a tax on corporate profits which is determined as the total income minus the cost associated to generate the income. Every country has a specific definition regarding the corporate tax base, involving a vast range of legislation covering themes since allowances for capital expenditure to the deductibility of contributions (Keightley & Sherlock, 2014).

Corporate tax has been characterized by a gradual decrease of the nominal tax rates with the aim to attract investment. Nevertheless, the investment decisions also care about the tax base and the possible fiscal benefits (Delgado *et al.*, 2014).

Each country has a nominal tax rate, but in order to determine how much corporations pay in tax is necessary to calculate the ETR (Keightley & Sherlock, 2014), which is based on a range of explanatory variables such as: size, debt, composition of the assets and profitability according with Delgado *et al.*, (2014).

Additionally, Markle & Shackelford (2012) conclude that ETR for a MNCs is greater if subsidiaries are located in high tax countries and also that MNCs domiciled in Japan, United States, France and Germany.

The allocation of MNCs profits is done based on international tax rules set out in national tax systems. In this regard with the increasing internationalization emerges the challenge of determine the right jurisdiction to tax the profits. In fact, the international taxation could lead to double taxation situations, if the same income is defined as taxable for the same period of time for two fiscal entities (Lymer & Hasseldine, 2002: 5).

Tax treaties which are identified as the way that countries have to agree how to share the taxation rights earned as consequence of the international activity are identified as the key feature in order to manage the double taxation problem. (Lymer & Hasseldine, 2002: 8).

Traditionally the CIT allocation is based on two principles: source and residence. Concerning the residence principle, the companies are taxed on their worldwide income, independent of where it is earned. Differently, under the source principle, a country may tax local income, independently of the taxpayer residence. Additionally, when a PE exists, the income generated by it is primarily taxed in that country (Lymer & Hasseldine, 2002: 8). Most of the countries have a hybrid tax system, which means a mix between the two principles.

According with Schjelderup (1999) the source country has priority to tax the income originating inside its borders but considering that the majority of the countries apply the residence principle the problem of double taxation of profits arises in the profits repatriation. Therefore, the resident country commonly have three ways to avoid that double taxation, the i) tax credit scheme, which allows to domestic firms credit foreign taxes paid against the domestic tax liability on foreign income; the ii) tax exemption scheme that exempts income already taxed abroad and the iii) tax deduction method that allows the deduction of foreign taxes against the taxable income in the residence country.

Although according with Devereux & Feria, (2014) in a global world economy both principles (source and residence) interfere with international trade and movement of capital and business. In this context, emerges the concept of destination based taxation, where taxation occurs on a destination basis.

2.2.2 Tax planning structures

Attempt on the internationalization phenomena, on different tax systems and the obstacle that it could represent to the development of the companies competitiveness, the level of sophistication of the international tax planning have been increasing.

Tax planning could be defined as a way to evaluate in a critic and comparative way a range of tax strategies in order to eliminate or at least reduce taxes to pay. In MNCs cases, the main objective is to reduce the total of taxes paid worldwide (Holtzblatt *et al.*, 2015).

Considering the compliance with tax law, Gravelle (2009), distinguish the concept of tax avoidance and tax evasion. While tax avoidance is considered a legal reduction of taxes, tax evasion refers to tax reductions that are considered illegal. Although, sometimes is difficult to distinguish those practices. (Gravelle, 2009).

The main objective of tax avoidance and tax evasion is identify opportunities that allow taxpayers to pay the minimum tax, however the former is a legitimate way to explore loopholes in tax law instead of tax evasion which is unlawful (Agrawal, 2007: 9).

The existing differences among CIT rates between countries contributes to tax planning, namely to evaluate the selection of the location of the foreign operations including headquarters (Holtzblatt *et al.,* 2015). Although Dunning & Lundan (2008: 614) considered that differences among CIT rates in spite of being considered in MNCs behaviors rarely are pointed out as primary motive for MNCs decisions.

Considering Eickle, R. (2009: 9), international tax planning is essential for a company to survive to the global competition. According with the author there are 2 reasons for tax planning: i) eliminate double taxation situations and/or ii) reduce the overall tax liability of a group.

The author consider that the tax planning strategies have become more sophisticated in the internationalization context and the holding companies are considered between others as a strategy of tax planning.

In accordance with Mintz, J. & Weichenriender A., (2010: 6) multinationals use conduit holding companies to "park" liquid assets in lower tax jurisdictions and consequently earn better profits or to achieve tax efficiency, namely by multiple dipping which could be translated in the possibility of deduct an expense multiple times.

According with the functions performed, Eickle, R. (2009: 60) identify 5 categories of holding companies: the i) management holding company that is responsible for all strategic decisions which means that the business fields for the group is part of its responsibility, so in this case the holding company develops an active approach; the ii) finance holding company that provides to companies' group financial services, reduce the group finance costs and guarantee easy access to capital markets; iii) Euro-holding company, which is the first choice for US companies or other countries that want to invest in Europe. The idea is locate a holding company in Europe to take advantage of the Parent Subsidiary Directive applied between companies located in EU; the iv) Country holding company, in this case the holding collects all income from its subsidiaries in that country and the v) Mixed holding company that by contrast with the pure holding company, that passively holds participations, performs other business activities, being functional similar to the management holding company.

Eickle, R. (2009: 61) also classify the holding companies according with their hierarchy. He defines the ultimate holding company as the group coordinator that could be an individual person, or a top tier company. The intermediate holding is created between the parent company, sometimes holding companies, and several subsidiaries and consequently have to manage its subsidiaries.

2.2.3 Privileged tax systems and tax havens

With the globalization of the economy a significant obstacle appears regarding the tax revenues which is the tendency of shift results to areas with lower taxation, which is commonly known as tax havens. (Botis, 2014).

According with Holtzblatt *et al.*, (2015), tax havens are identified as tax jurisdictions with atypically low CIT or without CIT. These jurisdictions are attractive to MNCs that want to reduce the ETR paid. There are a range of countries worldwide defined as tax havens based on different characteristics, as we can see through the tax havens list.[2]

Additionally is important to mention that all tax haven countries provide some information protection concerning bank and commercial information (Botis, 2014).

Apart from the tax havens, jurisdictions with lower taxes have been emerging, mainly in EU, Netherlands or Luxembourg; international finance center in Dublin; the fiscal system of Malta or at least the Portuguese free zones are examples of these (Botis, 2014)[3].

Weyzig (2012) states that many MNCs divert FDI through conduit countries that have favorable tax treaty networks, this means that FDI is divert to a third country in order to obtain a withholding tax reduction. In this regard emerges the concept of treaty shopping which respect to the deviation of FDI through an intermediate country to achieve a reduction of taxes to pay. The author consider that Netherlands is the world's largest conduit country.

2.2.4 Intercompany transactions

Considering that intercompany transactions accounts for more than 60% of global trade according with Kumar (2016), transfer pricing is another important theme to be considered

[2] For further details please see Appendix 1 – Countries listed on various tax havens list.
[3] For further details please see Appendix 2 – Privileged tax systems

regarding the increasing tactics and methods of profit shift, once lower income taxes could be achieved by recording profits to lower-tax countries (Holtzblatt *et al.*, 2015).

Through the internationalization MNCs aims to maximize their profit and a way to accomplish that matter is through the reduction of tax burden and consequently by manipulating the transfer prices in order to tax the highest profits in lower tax regions according with Ghertman & Allen (1984: 87).

As a consequence of that Buckley & Ghauri (1999: 69) argues that tax authorities should care about, namely on intangible assets pricing; the scope to which a transfer of goods or services has taken place and ensure that the value of the transactions in the real one and respects the arm's length principle.

Although, Dunning & Ludman (2008: 622), also mention that exists another incentives for transfer pricing apart from reduce of tax burden such as the need of coordinate income flows of affiliates to ensure a profitable performance and contributed to the developing of the strategic objectives.

Nevertheless, the main purpose of transfer pricing is avoid MNCs to shift income from high-tax countries to low tax countries. The main objective is to ensure that each transaction between related parties are priced as if parties are unrelated, which means applies the arm's length principle, so each entity of the MNCs pays the correct amount of corporate tax regarding the risk taking and functions performed (Afik & Lahav, 2015).

Sometimes is difficult to define the correct market price, which conducted to the development of the APAs rules, known as transfer pricing rulings, which means long-term contracts between MNCs and tax authorities, where the tax payer consents to use the agreed transfer price for its intragroup transactions (Afik & Lahav, 2015).

Lyal (2015) introduces a new matter regarding the transfer pricing rulings which is the fact that in last years it have been appointed as an unfair competition factor used as a strategy for tax reduction. As a result of that it has been considered unlawful state aid according with the EC, once it distorted the competition. Last years, EC have been investigate some of the most recognized MNCs such as Apple, Amazon and Starbucks in order to avoid schemes for non-double taxation.

2.2.5 Base erosion and profit shifting action plan

In recent years the tactics used by MNCs in order to shift income to lower tax jurisdictions have been considered aggressive, as a result of that the BEPS action plan aims to develop some solutions for the tax areas identified as key, providing specific measures and methodologies to approach each matter.

The main objective of BEPS project is to avoid the non-double taxation as also as the artificially income shifting. It has a range of 15 actions that cover several areas of concern, since the digital economy to the transfer pricing.

Three main areas could be identified: the first one respects to tax base allocation, where it is important to consider the source or residence basis identified above, the second one respects to tax abuse rules which aim to avoid the non-double taxation situations and the third one which includes CbC and refers to procedurals reform (Panayi, C., 2015).

2.3 Impact of taxation on FDI

Fiscal policies are identified as one of the drivers that affect FDI decisions. Some analysis have been developed in order to evaluate the relationship between the income tax rate and FDI, as also as the relationship between the fiscal system and FDI or between fiscal harmonization and FDI. Although a few less studies have been conducted in order to evaluate the relationship between FDI and specific areas of tax such as privileged tax systems or the fiscal regime of thin capitalization.

Although Hines (1999) consider that the studies realized in this area are mainly focused on US data, he considered that there is a clear evidence that international taxation has impact on volume and location of FDI and consequently it has impact in the practice of reallocate income from higher tax jurisdictions to lower tax jurisdictions. Thus, investment location decisions and tax avoidance practices can be correlated with the tax rate.

Also Boskin & Gale (1987) have presented some evidence that the US domestic taxes have impact in the international location of investment. Young (1988), based on the paper of Boskin & Gale have reach additional conclusions, so considering the tax rate the elasticity of FDI taking into account the applicable tax rate of foreign is 0.47 to 1.81 for retained earnings. He also conclude that tax incentives contribute to the increase of FDI.

Grubert & Mutti (2000), also develop a study considering the US companies, in these case manufacturing companies, and conclude that the effective average tax rate have a significant impact on the decisions of investment and location. They also conclude that countries with more restrictive trade politics attract less investment.

Using a sample of 11 OECD countries over 1984-2000, Bénassy-Quéré *et al* (2005), conclude that tax differentials, defined as the difference between the corporate-tax rates in the host country and in the country of destination, is important in order to understand the decision about FDI location. These authors considered the impact in other perspective as they consider that low tax rates doesn't have a significant impact to attract investment but on the other hand they considered that higher taxes discourage FDI flows.

Taking into account the EU members Gorter & Parikh (2003), concluded that the low tax jurisdictions attract higher amounts of investment, which translate the fact that an EU member increase its FDI in another by 4% if the latter decreases its ETR by 1% considering the European mean.

Djankov *et al*, (2010) conclude that the ETR has an adverse impact regarding FDI investment as also as entrepreneurship.

Nevertheless, Slemrod (1990) in his analysis conclude that there is a negative effect between the US effective tax rates and the FDI and consequently, the tax rate of the home country and it system to avoid double-taxation are not an important factors in the FDI decisions.

Also Cassou (1997), considered that contrary to the what theory predicts there is a negative relation between the corporate tax rate of US and the FDI.

Devereaux & Freeman (1994), performs another study considering the years of 1984 to 1989, and the following countries: France, Germany, Italy, Japan, Netherlands and United Kingdom and conclude that taxation is not very significant regarding the allocation of investment in domestic and foreign markets.

Based on the above, is not possible to draw a consensual conclusion as part of the authors consider that there is a relationship between the tax rate and the FDI while others consider that the effect of tax considering the FDI decisions are not significant.

Lawless (2013), introduces a new variable once she considered that the tax obligations complexity has an impact on FDI. In her study is referred that 10% reduction in tax complexity is comparable to a reduction of 1% in the ETR, which is translated in an increase in FDI flow of approximately 6%.

Also Stöwhase (2005) considers another variable of analysis as he considered that tax sensitivity of FDI varies across sectors. It is more significant for the tertiary sector and less relevant for the primary sector.

Additionally it is important to mention that according with Egger *et al*. (2009), FDI reacts in a positive way considering the source and residence tax systems while negative when considering bilateral effective tax rate.

Hong & Smart (2010) considered another relevant variable which is the relation between tax havens and FDI while income shifting to those jurisdictions reduce the income in higher tax jurisdictions and increase the elasticity of tax bases it has a contrary effect regarding the location of the real investments, which means that the location is less function of tax rate differentials that it theoretical conceptualized.

3 Methodology

This chapter describes the methodological research approach used to conduct the study.

Through the literature review was possible to conclude that there are many ways to access to an external market (exports, franchising or FDI) and bearing this in mind some authors such as Johanson & Wiedersheim-Pau (1975), Welch & Loustarinen (1988) and Cavusgil (1980) considered that the process of internationalization is progressive however more recently emerges the concept of born global firms, which means that the companies from it starts act with a global approach.

At the same time a range of reasons were identified as drivers for FDI and consequently as influencing variables in the structure of businesses across borders and taxation is one of those according with Teixeira & Diz (2005) and Deveraux (2012).

Although no consensus among the relation between the tax variables and the FDI decisions were founded in accordance with Holtzblatt *et al*., (2015) the differences among corporate tax regimes have contributed to tax planning structures, namely to evaluate the selection of the location for foreign operations.

In addition, is also important to mention that the large majority of the studies previously mentioned were based on US data and only test the relation between the corporate income tax rate (either effective and nominal) and the location of FDI.

Considering the above, and in order to understand if in somehow taxation is a driver for Portuguese outward FDI, 4 steps were developed:

- Firstly was analyzed the evolution of FDI worldwide and in Portugal. It was also identified the weight that SPEs have in this context as also as the countries that have higher representativeness in the Portuguese outward FDI. In this respect, it was possible to conclude that Netherlands represents the biggest destination of the Portuguese outward FDI.
- Secondly, it was necessary to identify and analyze the Dutch companies owned by Portuguese shareholders. For these research the Orbis[4] database was used. Orbis is a database that contains financial information of more than 200 million private companies worldwide. With this search 209 companies were found.

[4] https://orbis.bvdinfo.com/

Considering that the data available in the database is not contemporaneous the research analysis focused on the period between 2012 and 2014 with the aim of ensure available data for the companies under analyze.

Subsequently, to ensure the availability, reliability and comparability of the financial data related to the 209 companies exported from Orbis a deeper analysis was made through the use of Microsoft Excel. With this analysis the companies that don't have information at least for two years in regard to assets, financial P/L; operational P/L or number of employees were excluded. Additionally, the companies that only have consolidated financial information were disregarded from the analysis too. After this screening, a sample of 19 companies was obtained.

- The third step consisted in the identification and analysis of the activities with major representativeness. It was concluded around 42% of the aforementioned sample, develop activities of holding companies.

  The companies' trade description was also considered as a complementary way to the NACE classification, which allows to understand that the companies with highest representativeness in Netherlands develops not only holding activities but also financial activities.

  As a result, a sample of 8 companies was considered to be studied. To develop a functional analysis it was necessary to assess to the company's individual financial reports and the group annual report. The financial reports that were not founded in the group website were obtained through the Dutch Chamber of Commerce (Kamer Van Koophandel)[5].

- Fourthly, a comparison between the Portuguese and the Dutch tax system was done in order to understand if in somehow exists a gap between the systems that could justify that taxation is a relevant driver in the decision for the Portuguese FDI in Netherlands.

  In this regard, stamp tax and CIT regimes, were analyzed with the aim of cover all the dimensions considered as critical for the investment/disinvesting decisions. For that analysis the Portuguese CIT Code was used as also as the IBFD[6] portal, as it is recognized as a center of expertise regarding the international taxation themes. Also tax

[5] https://www.kvk.nl/
[6] https://www.ibfd.org/

guides from Portugal and Netherlands developed by Deloitte have been consulted to better understand those differences.

Finally, with the financial data compiled for the 8 companies and the gap analysis of the tax regimes, will be determined the effective and the potential fiscal savings of the choice of invested through Netherlands.

According with Saunders *et al.*, (2009) there are three research purposes: explanatory, descriptive and exploratory. Taking in consideration the aforementioned stages of the research and the fact that was necessary to analyze the behavior of the companies selected, a descriptive approach is used with the aim of understand whether taxation is a driver for the investment of those companies in Netherlands. This research aims to study a reality that until the presently was poorly investigated by identifying causes for the relation between the taxation and FDI. Consequently multiple research purposes was used.

Saunders *et al.*, (2009) identify two research strategies: qualitative and quantitative. Considering the research objective of this study a qualitative approach was used once the research will be based on the analysis of the Portuguese and Dutch tax systems and on company's behaviors.

The qualitative approach focuses on the analysis of behaviors and patterns of data but, in contrast to the quantitative approach the conclusion are obtain through hypothesis testing. The qualitative approach involves an exhaustive description of the data which is not consistent with large samples.

As per the above the data will be collected through a documental analysis, once it is more reliable at least regarding the financial data.

The quality and authenticity of the research was assured by the using of data triangulation (multiple data sources) once for the description of the Portuguese and Dutch tax system was used the IBFD, the Portuguese CIT Code and tax country guides. For the financial analysis will also be used more than one source of information: Orbis and the company's annual reports (consolidated and individual).

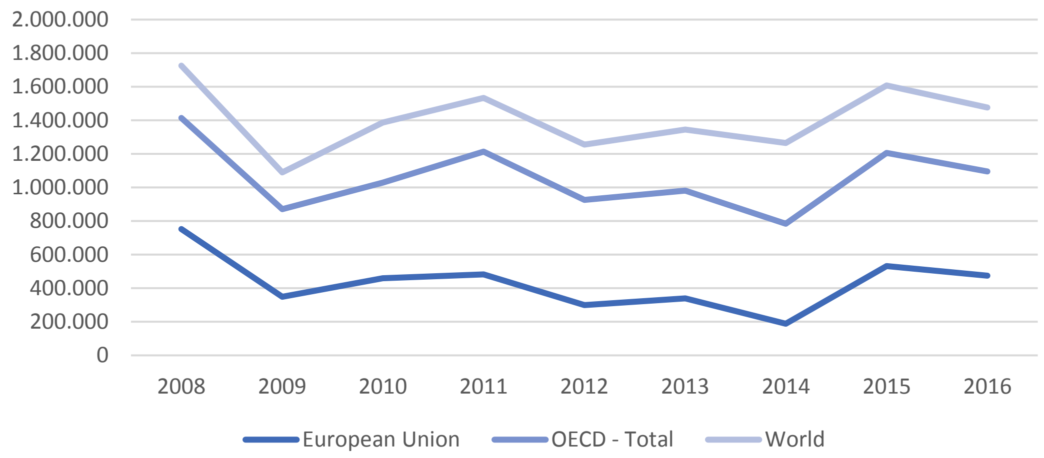
4 Foreign Direct Investment

In this chapter is made an analysis of the evolution of outward FDI worldwide and in Portugal. It was also identified the countries where the Portuguese companies more invest. Additionally, it is also evaluated the weight that SPEs have in FDI context in order to conclude about the representativeness of this reality in the Portuguese investment and consequently evaluate if SPEs play an important role as an instrument used by Portuguese companies in international structures.

4.1 Outward Foreign Direct Investment Worldwide

In a world of increasing globalization where economic barriers are disappearing, foreign enterprises plays an important role in the economy and the FDI emerges as an answer to the challenges of globalization. The FDI outward flows in the last years have registered some fluctuations as presented in the following graphic.

Graphic 1 - Evolution of outward FDI (USD Millions)



Source: OECD Statistics, (https://data.oecd.org/fdi/fdi-flows.htm)

As per the above, in 2009 the global FDI flows have been strictly affected by the economic and financial crises. With these crises, the developed countries have registered a decline in the FDI flows, which is translated in an opportunity to the developing economies to emerge in the global FDI landscape.

After that date the levels of FDI start to recover however the recovery is bumpy and take more time than expected, once the economy is globally weakened.

In 2013/2014 the FDI, dropped to the levels of 2009 consequence of the uncertainty associated to global economy recovery which lead the MNCs to adopted the wait and see approach rather than make new investments and continue their international expansion.

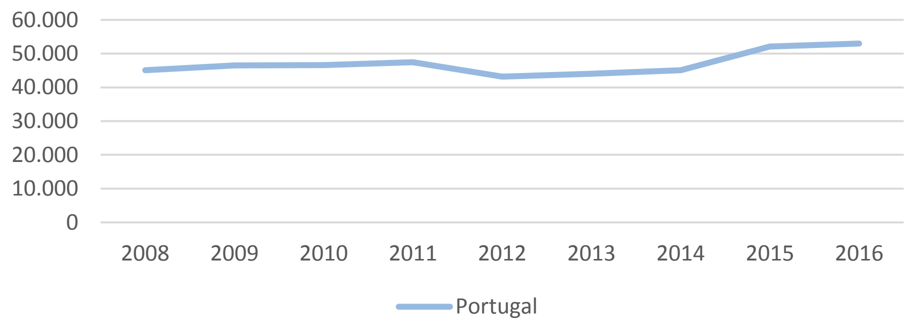
Additionally and considering the most recent world investment report by UNCTAD (WIR 2016), Europe accounts for around 1/3 of the world´s MNCs investments. Netherlands, Ireland, Switzerland and US were identified as the top investing destination countries worldwide. At the same time Netherlands was pointed out as the largest investment destination in Europe.

Consequence of the importance of FDI flows in the global economy MNCs have become important players to the world economy and are under constant pressure to offer products/services with higher quality and at lower prices through innovative solutions.

4.2 Outward investment of Portuguese companies

Regarding the Portuguese reality, the outward FDI as also registered a small increasing in the last years as presented in the graphic below. The impact of worldwide crises lead, in one hand, Portugal to adopt restricted economic policies in order to face the Troika memorandum requirements and, on the other hand, lead Portuguese companies to contract their investment namely their international investment.

Graphic 2 - Evolution of outward Portuguese foreign direct investment (Thousand Euros)



Source: Bank of Portugal, (https://www.bportugal.pt)

Additionally, it is possible to conclude that in the years under analysis (2012-2014) the Portuguese companies tend to invest more in countries such as Netherlands, Spain, Angola, Luxembourg and United States. The investment in these countries together represent around 63% of the Portuguese outward foreign direct investment, as displayed in the following table.

Table 1 –Top 5 countries of Portuguese FDI

Portuguese foreign direct investment (Thousand Euros)	2012	2013	2014	Average	Weight (% Total)
Netherlands	14,867	13,065	15,007	14,313	31.51%
Spain	5,463	7,181	8,835	7,160	15.76%
Angola	3,977	3,571	4,114	3,887	8.56%
Luxembourg	1,502	1,701	2,904	2,036	4.48%
United States	1,114	1,485	1,138	1,246	2.74%
Total	**26,922**	**27,003**	**31,998**	**28,641**	**63.05%**
Total Portuguese outward FDI	**43,184**	**44,087**	**49,005**	**45,425**	**100.00%**

Source: Bank of Portugal, (https://www.bportugal.pt)

Considering the data available Netherlands is the country with higher representativeness regarding the countries where the Portuguese companies invest, once it accounts for around 31.5% of the investment.

Furthermore, the services sector accounts for the largest percentage of FDI considering outward and inward flows. In 2014, 97% of the outward flows were recorded in the services sector. Also important to highlight that the “financial and insurance activities” were the ones with more representativeness regarding the services sector[7].

4.3 The role of SPEs in FDI context

The concept of FDI is based on a relation of control between the resident investor and the non-resident company, which means that the investor has at least 10% of the voting rights on the non-resident company.

Notwithstanding, besides the concept of FDI emerges the concept of investment through SPEs.

Although doesn’t exist a definition of SPEs this way of investment is commonly registered in lower tax jurisdictions, regions where is faster, easier and cheaper to create a company as also as countries with less confidentiality barriers. Typically, the parent company of the SPEs are not resident in those jurisdictions, the companies have few or none employees and don’t have physical presence in the jurisdiction where were created. In those regard they are considered as letterbox companies. The assets and liabilities of that companies respect to investments in or from other countries.

They are usually used strategically to raise capital or hold assets and liabilities, which allow to conclude that the core business of this companies consist in group financing or holding activities.

OECD in its report of benchmarking definition of FDI (2008) identify as examples of SPEs: financing subsidiaries, conduits[8], holding companies and shell companies[9].

This kind of companies have been used as a way to channel funds to and borrowing funds from third countries, and holding ownership interest in investment enterprises. Consequently these only reflects a channeling of funds thought this country and not reflect a genuine investment.

[7] Bank of Portugal – Statistical Press Release N.9, June 2015
[8] Generally is a company that obtains or borrower’s funds and remits those to its investor.
[9] It is incorporated in an economy in which does not conduct any operational activity.

However, MNCs make use of it to conduit their investment once the number of countries offering favourable tax conditions is increasing.

In the following table is presented the representativeness of SPEs in the Portuguese outward investment.

Table 2 – Weight of SPEs in FDI

Representativeness of SPEs in Portuguese Outward FDI (Thousand Euros)	2012	2013	2014	Average
Total FDI excluding SPEs (B)	37,839	38,489	38,539	38.289
Total FDI through SPEs (A-B)	5,345	5,555	6,585	5.828
Total Portuguese Outward FDI (A)	**43,184**	**44,044**	**45,125**	**44.117**
% FDI routed through SPEs in Total FDI	12.38%	12.61%	14.59%	13.21%

Source: Bank of Portugal, (https://www.bportugal.pt)

It is possible to conclude that SPEs plays an important role in FDI context representing around 13% of the Portuguese investment (in value).

4.4 Portuguese FDI in Netherlands through SPEs

Considering only the investment of Portuguese companies in Netherlands through SPEs, it represents in average 0.30% of the total investment in Netherlands, which is not significant.

Table 3 – Representativeness of the Portuguese investments in Netherlands through SPEs

Portuguese investment in Netherlands routed through SPEs (Thousand Euros)	2012	2013	2014	Average
FDI in Netherlands excluding SPEs (B)	14,832	13,005	11,128	12,988
FDI in Netherlands through SPEs (A-B)	35	60	23	39
Total FDI in Netherlands (A)	**14,867**	**13,065**	**11,152**	**13,028**
% SPEs in Portuguese investment in Netherlands	0.23%	0.46%	0.21%	0.30%

Source: Bank of Portugal, (https://www.bportugal.pt)

Consequently, it is not sufficient to understand the representativeness that these companies could have in the Dutch market. However is known that a high number of companies with this characteristics could be recorded without high level of investment, considering the aforementioned limited structure of these companies.

4.5 Investment of Portuguese companies in Netherlands[10]

In the present chapter was made a description of the Dutch subsidiaries of Portuguese companies, with the aim of identify their corporate structure.

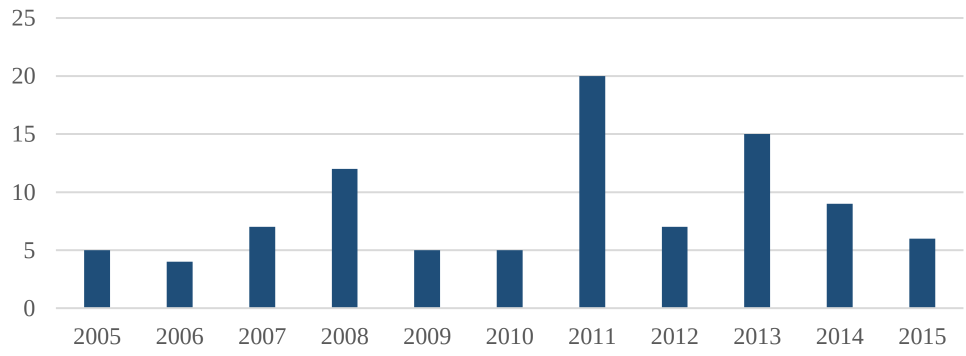
[10] For further information see Appendix 3 – Investment of Portuguese Companies in Netherlands

Considering the available data in Orbis database were identified 141 Portuguese companies with subsidiaries in Netherlands. Some of this companies have more than one subsidiary company in Netherlands, like Galp; Corticeira Amorim; Secil; Mota-Engil; Sonae and NOS between others. The database have information of 209 subsidiary of those 141 Portuguese companies.

The large majority of companies that have subsidiaries in Netherlands are classified as industrial companies. However, the majority the 209 subsidiaries (52%) develop holding activities. Companies in the construction industry also represent a significant percentage of those subsidiaries (14%). The remaining sectors don't have significant representativeness.

The subsidiaries identified have been created between 1900 and 2015, however 2011, 2013 and 2008 respectively were the years with higher number of Portuguese companies created in Netherlands, as reported in the following graphic.

Graphic 3 – Evolution of the number of Portuguese companies in Netherlands



Source: Orbis

Additionally it is also possible to conclude that the large majority of these companies have one to five employees.

Notwithstanding, in order to proceed with the analysis and as mentioned in the chapter 3, to ensure the quality of the data used only the companies with available individual financial information for at least two of the years under analysis were considered, in this context the sample of companies to be analysed in the present study decrease to 19.

Regarding those 19 companies, the most representative sectors of activity are holding companies (with 8 observations) and construction activities (with 5 observations) [11].

[11] For further details please see Appendix 3

Table 4 - Average financial data 2012-2014 (Thousand Euros)

Company name	NACE Rev. 2 Core code [12]	Average Number of employees	Average Operating P/L	Average Financial P/L	Average Total assets
AMS Sourcing B.V.	7320	39	-947	1,829	5,400
Araras Finance B.V.	6430	1	-88	79	15,923
Cimpor Financial Operations B.V.	6420	3	-428	500	1,008,040
EDP Finance B.V.	6420	1	-927	8,040	16,245,913
Galp Energia E&P B.V.	4621	5	-5,827	-30,012	2,455,103
Galp Energia Overseas B.V.	0910	6	64,365	-3,695	627,048
Galp Energia Portugal Holdings B.V.	6420	3	-4,626	102,996	1,045,993
Pantheon Plaza B.V.	4110	4	-36	39	28,792
Pareuro B.V.	6420	3	-80	-6,171	838,003
Plaza Mayor Parque de Ocio B.V.	4110	4	-29	-12,141	15,583
Project Sierra 2 B.V.	6810	4	-28	5,201	23,339
Project Sierra 8 B.V.	6810	4	-54	868	92,168
REN Finance B.V.	6420	1	143	1,650	595,399
River Plaza B.V.	4110	4	-24	-932	3,504
SECIMENT Investments B.V.	6420	1	-67	1,413	29,853
SEINPAR Investments B.V.	6420	1	-45	62,889	572,576
Sierra Brazil 1 B.V.	4110	4	-35	35,586	282,526
Sierra Developments Holding B.V.	4110	4	-331	300	203,567
Sociedade Francisco Manuel Dos Santos B.V.	6420	6	-1,541	195,415	898,041

Source: Orbis

As per the table above, is possible to conclude that the biggest Portuguese groups[13] namely: Galp, Sonae, EDP, REN, Semapa and Cimpor have at least one subsidiary in Netherlands.

At the same time is possible to conclude that the large majority of the subsidiaries in analysis have a few number of employees as also as negative operational results. The companies with higher levels of assets correspond to the companies that act as a holding, which means that the assets correspond to the shares hold in its subsidiaries.

[12] **7320**: Market research and public opinion polling | **6420**: Activities of holding companies| **4621**: Wholesale of grain, unmanufactured tobacco, seeds and animal feeds | **0910**: Support activities for petroleum and natural gas extraction | **4110**: Development of building projects | **6810**: Buying and selling of own real estate

[13] Considering the PSI 20 – top 20 stocks listed companies on the Lisbon Stock Exchange.

The large percentage of companies recorded positive results, however the largest financial results were recorded by the companies that develop holding activities. The remaining companies registered residual values.

As referred in the previous table, the majority of the 19 subsidiaries of the Portuguese companies are under the NACE 6420, which means that develop activities of holding companies, once it accounts for around 42% of the final sample.

Considering the trade description of that companies (as available in Orbis) is possible to conclude that some of these companies also perform financial activities (appendix 3).

Bearing in mind the information stated in section 4.3, is possible to conclude that the majority of the Dutch subsidiaries in analysis match with the characteristics of a SPEs. In fact, they are in a country considered as a lower tax jurisdictions, doesn't perform operational activities, have none or few number of employees and most of them perform activities related to holding and/or financing activities.

As so, through a preliminary analysis is possible to classify the Dutch subsidiaries in analysis as SPEs.

5 Portuguese FDI in Netherlands - Activities of holding companies (6420)

Considering the conclusions obtain in the previous chapter in these section is made an analysis of the most representative group of companies founded, namely the 8 that develop holding/financial activities, considering the period between 2012 and 2014.

These companies will be analysed in the following dimensions[14]: functions performed; risks undertaken; financial performance; intragroup transactions; employees and assets, with the aim of understand if taxation was a matter with impact in the decision of investment in Netherlands and, moreover, if these companies qualify as SPE used in tax planning structures.

5.1 Sociedade Francisco Manuel dos Santos, B.V. (SFMS BV)

5.1.1 Jerónimo Martins Group context

Jerónimo Martins is a Portuguese Group, which operates in the Food Distribution through the supermarket (Pingo Doce) and cash and carry (Recheio) in Portugal; and through food store

[14] According with the WIR 2015, a detailed data on balance sheet and profit and loss accounts of the MNC's affiliates will enable to analyse profit shifting situations as also as tax planning strategies. It was considered relevant information for that analysis: loan-term loans; equity balances; revenues; gross profit; operating profit; financing profits; net profit; assets and employee numbers

chains in Poland (Biedronka) and Colombia (Ara). In Portugal, the group is leader in Food distribution and in Poland is the largest food retail chain. The Group is also present in the specialised retail in Portugal through Hussel and Jeronymo and in Poland through Hebe.

Jerónimo Martins starts it internationalization process in 1994 in Poland, through the acquisition of the cash-and-carry chain Eurocash. In 2011, Jerónimo Martins went to Colombia, although it only open the first ARA shop in 2013 and now it have presence in 3 regions, including Bogotá.

Considering the decision of internationalization, and with the aim of align the organizational structure with its strategy, Jerónimo Martins made a reorganization with the objective of (i) simplify the ownership structure; (ii) isolate business groups and (iii) reduce the normal complexity that comes from differences in the way that companies operate the business in different countries. Thus, in order to pursue the Group's growth strategy and ensure financial liquidity the Group established for each geography a sub-holding headquartered in Netherlands, a country with financial stability, liquidity, credibility and also a legislative stability.

Going to Netherlands, Jerónimo Martins also aims to minimize the societal levels and increase the efficiency in cash flow circulation and consequently increase the results generated and the dividends paid to the shareholders of Jerónimo Martins.

So, the 4 business units are structured under 4 sub-holding companies located in Netherlands: Warta BV, which concentrates its Poland business; Tagus BV, which gathers the holdings in the distribution area in Portugal; Monterroio BV, which aggregates the industrial and service areas in Portugal and the New World BV, which is the head of development in Colombia.[15]

5.1.2 SFMS BV [16]

This company was created in 2007 and is owned by Sociedade Francisco Manuel dos Santos, SGPS, S.A., based in Portugal, in 99.99%.

In 2012, Sociedade Francisco Manuel dos Santos SGPS, S.A. sells its participation in Jerónimo Martins Group to its subsidiary in Netherlands, SFMS BV, which at date owns 56,14% of Jerónimo Martins capital. Consequently the headquarters of the Portuguese Group are in Netherlands since 2012.

[15] Jerónimo Martins Annual Report 2007
[16] For further details please see Appendix 4 – SFMS BV Financial Statements

"*The activities of the company are focused on monitoring the business of its subsidiary Jerónimo Martins S.G.PS., S.A. (JMH), on investing surplus funds for wealth preservation and in operating as the strategic canter that studies diversification projects that may complement existing businesses*. (Annual Report SFMS BV 2013)".

This company holds 2 subsidiaries, one located in Portugal and another one located in Netherlands:

- Monterroio – Industry & Services Investments B.V. located in Netherlands. The Group owns and operate coffee shops and ice cream through its subsidiaries.
- JMH - The parent company of Jerónimo Martins Group in Portugal. Consequently it main activity is managing the investments in Jerónimo Martins group.

Table 5 – Characterization of SFMS BV

Name	Group	Group sector	Date of incorporation	Functions	Risks	Average No employees[17]
Sociedade Francisco Manuel dos Santos B.V.	**Jerónimo Martins**	Food retail	2007	Holding company, focused on monitoring the business of its subsidiary	The main risk of the company considering its activity is associated to its subsidiaries performance	6

Source: Annual Report SFMS BV 2013 and 2015

Regarding the assets structure of SFMS BV, the non-current assets represents in average 84% of the total assets and it is composed mainly by financial fixed assets. So the subsidiaries participations were the most representative asset of the company.

Table 6 – Assets structure of SFMS BV

Assets			% financial fixed assets (participation interests) in total assets		
2012	**2013**	**2014**	**2012**	**2013**	**2014**
850,282,000	946,088,000	897,753,886	80.65%	82.65%	87.93%

Source: Annual Report SFMS, B.V. 2013 and 2015

In respect to liabilities, in 2012 the company has contracted a loan for two years in the amount of 54,000,000 Euros. The remaining liabilities in the period under analysis respect to trade and other payables, including accounting and audit fees; advisory fees; tax and legal services, among others.

[17] Orbis

The key contributor to SFMS BV revenues was the profit earned through JMH. Between 2012 and 2014 SFMS BV have received dividends from its subsidiary in the amount of 774,109,000 Euros.

Table 7 – Revenues structure of SFMS BV

Revenues			Dividends			% revenues from dividends in total revenues[18]		
2012	2013	2014	2012	2013	2014	2012	2013	2014
203,069,000	218,386,000	175,435,719	202,590,000	214,877,000	169,600,366	99.76%	98.39%	96.67%

Source: SFMS BV Annual Report 2013 and 2015

Additionally, is also important to mention that the dividends from JMH were applied to pay dividends to SFMS BV shareholders.[19]

The operating profit[20] registered by the company (SFMS BV) in the 3 years period under analysis was negative, once only costs were recorded.

For the operating profit of the company contributed mostly the administrative expenses of the company such as the board fees; the custody fees; travel expenses; IT costs; tax advisory and general and administrative fees, that in average accounts for 1,541,511 Euros in the period between 2012 and 2014.

Once the company has a few number of employees (6 people – attention should be made to the fact that no personnel costs are registered, however a relevant part of the administrative costs registered refers to board members remuneration), the company outsource all support activities.

Any transaction have been registered between SFMS BV and its subsidiary JMH in the years between 2012 and 2014.[21]

Regarding taxation is possible to conclude that the ETR was 0%, which was a consequence of dividends taxation regime in the Netherlands[22].

[18] Net profit share subsidiary/Total revenues. The total revenues include the net profit share from subsidiaries, the finance income, the other gains on investment and FX gains.
[19] SFMS BV Annual Report 2013.
[20] The dividends received are not considered in the operating profit
[21] Jerónimo Martins Annual Report 2012, 2013 and 2014
[22] The Netherlands tax regime, as described in the following chapter, the dividends received are exempt from taxation

Table 8 –Taxes of SFMS BV

CIT			ETR[23]		
2012	2013	2014	2012	2013	2014
0	0	(536,160)[24]	0.00%	0.00%	0.00%

Source: SFMS BV Annual Report 2012 and 2015

In respect to the return on equity, in average the shareholders of SFMS BV could recover 22.89% of their investment per year. Additionally is also possible to conclude that SFMS BV is a company with low financial risk once it debt is not representative. In average 94.47% of the assets were financed through equity.

Table 9 – Financial indicators of SFMS BV

ROE[25]			Debt – to – equity[26]			Financial autonomy[27]		
2012	2013	2014	2012	2013	2014	2012	2013	2014
25.23%	24.20%	19.23%	6.92%	6.11%	0.13%	89.30%	94.24%	99.87%

Source: SFMS BV Annual Report 2013, 2015

5.2 Seciment Investments B.V. (Seciment) & Seinpar Investments B.V. (Seinpar)

5.2.1 Semapa Group context

Semapa was created in 1991 with the objective of compete for the privatization of the companies Secil - Companhia Geral de Cal e Cimento, S.A. and CMP - Cimentos Maceira and Pataias, S.A. Sodim holds 71.9% of the Semapa capital and the rest of the capital is hold by Bestinver, Santander and other investors. Semapa, headquartered in Lisbon, Portugal, is listed on Euronext Lisbon and part of PSI 20.

Semapa is one of the largest Portuguese industrial groups with presence in several continents. More than ¾ of its turnover is generated in foreign markets. Its activity is organized in 3 business areas: i) Paper and pulp, through the 69.40% of voting rights in the Navigator Company, ii) Cement and derives, through the 99.99% of voting rights in the Secil Group and iii) Environment, through the 99.99% of voting rights in ETSA Group.

[23] Income tax expense/Profit before income tax. It only considered for the ETR computation the amount paid regarding the income tax of the year
[24] The CIT for 2014 was prepared and a tax loss was computed for the year and thus no corporate income tax was due. The corporate income tax expense recognised in 2014 was reversed in 2015
[25] Net Profit/ Total shareholder's equity. Notwithstanding if the dividends received from its subsidiary is not considered for determining the net profit, the ROE will correspond to (0.24%), 0.10% and 0.32% respectively, which means that the value recorded in these ratio is affected by the amount of dividends received and if we disregard this amount the activities performed by the company were not able to generate returns to its shareholders in 2012 and a few return were recorded in 2013 and 2014
[26] Total liabilities/ Total shareholder's equity.
[27] Total shareholder's equity/ Total assets

5.2.1.1 Paper and pulp - The Navigator Company

The Navigator Company (formerly Portucel Soporcel) assumes a great importance in the national economy by vertically integrating its business model: applied research, forestry, cellulose pulp, renewable energy, paper and tissue. It accounts for approximately 3% of all goods exported by the country, with a turnover representing close to 1% of Portuguese GDP. The Navigator Company is also a leading operator in the biomass energy sector, which means that the company generates 5% of all electricity in Portugal.

Navigator is a subsidiary company of Seinpar, located in Netherlands.

5.2.1.2 Cement and derives - Secil

Secil is a business group founded in 1930 that produces and distribute cement, concrete, aggregates, mortars, prefabricated concrete and hydraulic cal. In addition, it also integrates companies that operate in complementary areas such as the development of solutions in the field of environmental preservation and the use of waste as an energy source.

The Secil Group has it origin in Portugal, but in the last two decades has expanded to other markets. It currently operates three cement plants in Portugal (Outão, Maceira and Cibra) and is present abroad in Angola, Tunisia, Lebanon, Cape Verde, Netherlands and Brazil.

Through its 8 cement plants and presence in 7 countries and 4 continents, Secil Group guarantees an annual cement production capacity of more than 9 million tons. The presence in Netherlands occurs through the company Seciment.

5.2.2 Seinpar[28]

Seinpar was created in 2002 and it is owned in 100.00% by Semapa Sociedade de Investimento e Gestão SGPS S.A..

"*Act as an intermediate holding company for Semapa Group. The ultimate holding company is Semapa Sociedade de Investimento SGPS, S.A., Portugal*. (Annual Report of Seinpar Investments B.V 2013)".

This company holds 1 subsidiary company, The Navigator Company, as mentioned before. So the headquarters of Navigator Company were established in Netherlands.

[28] For further details please see Appendix 5 – Seinpar Financial Statements

Table 10 – Characterization of Seinpar

Name	Group	Group sector	Date of incorporation	Functions	Risks	Average No employees
Seinpar	**Semapa Group**	Cement and paper	2002	Act as an sub-holding for Semapa Group	The main risk of the company considering its activity is associated to its subsidiary performance	0

Source: Seinpar Annual Report 2013 and 2014

According with the annual report of Seinpar the continuity of the company is dependent upon the continued funding from its shareholder.[29]

The non-current assets of the company represents almost the total assets, which means that the financial fixed assets regarding the interests in group entities are the more representative assets of the company.

Table 11 – Assets structure of Seinpar

Assets			% financial fixed assets (participation interests) in total assets		
2012	**2013**	**2014**	**2012**	**2013**	**2014**
572,563,227	572,584,596	572,580,883	100.00%	99.99%	99.99%

Source: Seinpar Annual Report 2013 and 2014

Liabilities mainly respects to accruals and deferred income from tax advisors fees; audit fees; notary fees; management fees and office rent. However, in 2012 an amount of 10,700 Euros have been registered due to a loan from Semapa Sociedade de Investimentos e Gestão SGPS, S.A.. Any non-current liability have been registered.

The key contributor to the company's revenues are the dividends received from its subsidiary. Considering the period between 2012 and 2014, Seinpar have received dividends from its subsidiary in the amount of 188,676,334 Euros.

Table 12 – Revenues structure of Seinpar

Revenues			Dividends			% dividends in total revenues[30]		
2012	**2013**	**2014**	**2012**	**2013**	**2014**	**2012**	**2013**	**2014**
53,389,849	67,643,249	67,643,248	53,389,846	67,643,244	67,643,244	99.94%	99.95%	99,95%

Source: Seinpar Annual Report 2013 and 2014

For the operating results only contributed the administrative expenses of the company such as the board fees; the custody fees; travel expenses; IT costs; tax advisory and general and

[29] Seinpar Annual Report 2013, 2014
[30] Net profit share subsidiary/Total revenues. The total revenues include the dividend income from participations and the finance income

administrative fees, that in average accounts for 48,010 Euros. Once the company doesn't have employees all activity costs were recorded in outsourcing regime.

The operating profit[31] of the company under analysis is negative, once only costs are recorded.

Additionally is also important to mention that few transactions of Seinpar were founded in the context of the group in the years under analysis, and registered as interests and other income (in 2012, 1,237 Euros were registered, in 2013, 513 Euros and in 2014 none transactions in the context of related parties were registered).

In the following table is presented the main financial indicators of the company and through its analysis is possible to verify that the ETR is 0%, influenced by the dividends taxation regime[32].

Table 13 – Taxes of Seinpar

CIT			ETR[33]		
2012	2013	2014	2012	2013	2014
0	0	(5,542)[34]	0.00%	0.00%	0,00%

Source: Seinpar Annual Report 2013, 2014

Additionally is also possible to mention that it is a company with low financial risk once the debt is not representative. In respect to the return on equity, in average the shareholders of Seinpar could recover 10.98% of their investment per year. In average 99.99% of the assets were financed through equity.

Table 14 – Financial indicators of Seinpar

ROE[35]			Debt – to – equity			Financial autonomy		
2012	2013	2014	2012	2013	2014	2012	2013	2014
9.32%	11.81%	11.80%	0.005%	0.002%	0.01%	99.99%	99.99%	99.99%

Source: Seinpar Annual Report 2013, 2014

5.2.3 Seciment[36]

Seciment was also created in 2002 and is 100.00% owned by Secil.

[31] It is not considered for the operating profit the amount of dividends received

[32] Under the Netherlands rules as stated in the following chapter the dividends received were exempt from taxation

[33] Income tax expense/Profit before income tax. It only considered for the ETR computation the amount paid regarding the income tax of the year

[34] This amount correspond to dividend withholding tax recoverable and not corporate income tax

[35] Net Profit/ Total shareholder's equity. If the dividends received from its subsidiary is not considered for determining the net profit, the ROE will correspond to (0.01%), (0.01%), (0.02)% respectively, which means that the value recorded in these ratio is affected by the amount of dividends received and if we disregard this amount the activities performed by the company were not able to generate returns to its shareholders

[36] For further details please see Appendix 6 – Seciment Financial Statements

"*Act as an intermediate holding company for the Secil Group. The ultimate holding company is Secil – Companhia Geral de Cal e Cimento S.A., Portugal*. (Annual Report of Seinpar Investments B.V 2013)".

This company holds 2 subsidiary companies, I3 Participações e Serviços LTDA in Brazil and Ciment de Sibline Sal in Libanon.

Table 15 – Characterization of Seciment

Name	Group	Group sector	Date of incorporation	Functions	Risks	Average No employees
Seciment	**Semapa Group**	Cement and paper	2002	Act as an sub-holding	The main risk of the company considering its activity is associated to its subsidiary performance	0

Source: Seciment Annual Report 2013 and 2015

This company doesn't have employees and consequently any amount was recorded on wages, salaries or related social security.

According with the annual report of Seciment the continuity of the company is dependent upon the continued funding from its shareholder.

The non-current assets of the company represents almost the total of assets, which means that the financial fixed assets regarding the interests in group entities were the more representative assets to the company.

Table 16 – Assets structure of Seciment

Assets			% financial fixed assets (participation interests) in total assets		
2012	**2013**	**2014**	**2012**	**2013**	**2014**
30,125,046	29,704,700	29,729,795	99.98%	99.94%	99.73%

Source: Seciment Annual Report 2013 and 2015

Liabilities are due to accruals on the fees paid to the auditors, tax advisors, law firms, among others. Any non-current liability have been registered.

The key contributor to the company's revenues was the dividends received from Ciment Sibline SAL, located in Beirut. Considering the period between 2012 and 2014, Seciment has received dividends from its subsidiaries in the amount of 4,658,377 Euros.

Table 17 – Revenues structure of Seciment

Revenues			Dividends			% dividends in total revenues[37]		
2012	**2013**	**2014**	**2012**	**2013**	**2014**	**2012**	**2013**	**2014**
3,363,422	1,028,795	985,111	2,644,795	1,028,744	984,838	78.63%	100.00%	99.97%

Source: Seciment Annual Report 2013 and 2015

For the operating results of Seciment contributed the administrative expenses of the company such as management and administration, audit fees, notary fees, law firm fees, tax advisory and so on, that in average accounts for 69,883 Euros. Once the company don’t have employees it doesn’t have the necessary resources inside the company to perform its activity so all activity costs were recorded in outsourcing regime.

So the operating profit[38] of the company under analysis is negative, once only costs were recorded.

Also important to mention that an impairment in group entities consequence of the permanent diminution in the value of its subsidiary I3 Participações e Serviços LTDA had been recorded in all the years under analysis.

In 2012 was registered an amount of 717,877 Euros regarding interests on a loan granted to Secilpar, S.L., also a few amount of interests were registered consequence of bank current/deposit accounts. In 2013 and 2014 were registered amounts of interests received and paid but those were not representative, and respect mainly to interests on current/deposit accounts and interests on taxation respectively.

Through the analysis of Seciment payable accounts, is possible to conclude that in 2012 the ETR were similar to the local tax rate.

The amount of CIT due in 2012 was a consequence of the interests received from the loan granted to Secilpar, S.L.. In the following years any amount of CIT was booked considering that the dividends received from its subsidiary are exempt from taxation.

[37] Dividends from group entities/Total revenues. The total revenues include the interests income, the dividends from group entities and the currency translation results

[38] It is not considered for the operating profit the amount of dividends received

Table 18 – Seciment Taxes

CIT			ETR[39]		
2012	2013	2014	2012	2013	2014
(403,301)[40]	(102,874)	(98,484)[41]	21.55%	0.00%	0.00%

Source: Seciment Annual Report 2013 and 2015

In respect to the return on equity, in average the shareholders of Seciment could recover 4.07% of their investment per year.

Additionally is also possible to conclude through the debt-to-equity ratio that Seciment support a low financial risk. In average 98.78% of the assets were financed through equity.

Table 19 – Financial indicators of Seciment

ROE[42]			Debt – to – equity			Financial autonomy		
2012	2013	2014	2012	2013	2014	2012	2013	2014
7.94%	1.46%	2.82%	1.90%	1.74%	0.07%	98.13%	98.29%	99.93%

Source: Seciment Annual Report 2013 and 2015

5.3 Pareuro B.V. (Pareuro)

5.3.1 SONAE Group Context

Sonae is a MNC that manages a wide portfolio of businesses, ranges from retail, financial services, technology, and shopping centres to telecommunications. This portfolio is organized under the following companies: Sonae SGPS, S.A.; Sonae Indústria SGPS, S.A. and Sonae Capital, SGPS, S.A..

It is presented in 89 countries, covering all continents.

Sonae, SGPS, S.A., listed on Euronext Lisbon stock exchange, is a retail company with two major partnerships in the shopping centres and telecommunications sectors.[43]

Present in 5 countries with a total of 17 plants, Sonae Indústria SGPS, S.A. is one of the largest producers of wood in the world. The base products of Sonae Indústria SGPS, S.A. are denominated as raw products. However, 50% of the products are then transformed into valued added products, used in furniture, shelving, interior decoration, packaging as well as kitchen

[39] Income tax expense/Profit before income tax. It only considered for the ETR computation the amount paid regarding the income tax of the year
[40] This amount respects to 264,480 Euros of withholding tax on dividends received from its subsidiary in Beirut and 138,821 Euros on corporate income tax of the year regarding the amount recorded as interests on loans to group entities that accounts for 717,877 Euros
[41] Although an amount of tax have been recorded this respect to withholding taxes on dividends received from its subsidiary in Beirut. The same is applicable to 2013 amount
[42] Net Profit/ Total shareholder's equity. However, if the dividends received from its subsidiary is not considered for determining the net profit, the ROE will correspond to (1.01)%, (2.07)%, (0.71)% respectively, which means that the value recorded in these ratio is strongly affected by the amount of dividends received
[43] Pareuro Annual Report 2013

and gardening utensils. Sonae Indústria SGPS, S.A. is also listed on Euronext Lisbon stock exchange.[44]

Regarding the real state, tourism and financial services they are provided by Sonae Capital, SGPS, S.A. This company is also listed in Euronext stock exchange too.[45]

5.3.2 Pareuro

Pareuro was incorporated in 1999, fully owned by Efanor – Investimentos, SGPS, S.A., and acts as a holding and financing company.

The company hold the following participations in the SONAE Group: 42,48% in Sonae SGPS, S.A.; 19,37% in Sonae Indústria SGPS, S.A. and 26,64% in Sonae Capital, SGPS, S.A.

Table 20 – Characterization of Pareuro

Name	Group	Group sector	Date of incorporation	Functions	Risks	Average No employees
Pareuro B.V.	**Sonae Group**	Retail and Financial services	1999	Act as a holding and finance company	The company undertakes a market risk related to possible losses in positions from movements in market prices and at the same time the interest rate risks regarding the of the net interest income could be negatively affected by changes in interest rates.	0

Source: Pareuro Annual Report 2012 and 2015

Regarding the assets structure of Pareuro, the non-current assets represents almost the total assets of the company and it is composed by financial fixed assets. The financial fixed assets correspond to the participations held in Sonae, SGPS, S.A.; Sonae Indústria SGPS S.A. and Sonae Capital, SGPS, S.A..

Table 21 – Assets structure of Pareuro

Assets			% financial fixed assets (participation interests) in total assets		
2012	**2013**	**2014**	**2012**	**2013**	**2014**
828,312,524	828,313,172	857,384,199	100.00%	100.00%	100.00%

Source: Pareuro Annual Report 2012 and 2015

Liabilities comprises mostly loans from related entities. In 2012 were obtain funds through a loan contracted with Efanor – Investimentos SGPS, S.A. in the amount of 37,977,000 Euros, that was added to the amount due of 683,101,531 Euros contracted before. In 2013 and 2014

[44] Pareuro Annual Report 2013
[45] Pareuro Annual Report 2013

were also registered additional loans in the amount of 116,309,000 Euros and 24,296,000 Euros. The loans contracted were used to finance their acquisition of shares in other companies.

The key contributor to Pareuro revenues are the dividends received from its subsidiary – Sonae, SGPS, S.A. that accounts for 85,802,842 Euros in the years between 2012 and 2014.

Table 22 – Revenues structure of Pareuro

Revenues			**Dividends**			**% dividends in total revenues[46]**		
2012	**2013**	**2014**	**2012**	**2013**	**2014**	**2012**	**2013**	**2014**
28,600,456	29,121,904	30,280,065	28,119,545	28,119,545	29,563,752	98.32%	96.56%	97.63%

Source: Pareuro Annual Report 2012 and 2015

For the operating result of Pareuro contributed the general and administrative expenses of the company such as the board fees; the custody fees; travel expenses; IT costs; tax advisory and general and administrative fees, that in average accounts for 88,631 Euros. So the operating profit[47] of the company under analysis was negative, once only costs were recorded.

In addition is also important to mention that an impairment of participation interests were recorded in 2012 in the amount of 17,435,242 Euros, regarding the participation in Sonae Capital SGPS, S.A.

Notwithstanding, the income from holding activities could be perceived as the key contributor to the company results, also the financial results plays an important role in the structure of the company. So, in the following table are presented the weight of intragroup loan expenses in total expenses as also as the weigh to intragroup loans income in the total financial income.

Table 23 – Interests income and expenses and the weight of intragroup loans in Pareuro structure

2012	**2013**	**2014**	**2012**	**2013**	**2014**
Interests income			**Interests expenses**		
480,911	1,002,359	716,313	(10,153,456)	(11,359,948)	(13,429,485)
% income from intragroup loans in total financial income			**% financial expenses in total expenses**		
99.98%	99.99%	100.00%	12.41%	99.34%	99.20%

Source: Pareuro Annual Report 2012 and 2015

As per the above table, the financial results derivate mainly from intragroup loans.

[46] Net profit share subsidiary/Total revenues. The total revenues include the dividends income and the interests and similar income

[47] It is not considered for the operating profit the amount of dividends received

In addition, almost of the total expenses of the company were related to intragroup loans. The lower percentage recorded in 2012 was consequence of the impairment recorded on participating interests as also as the capital gains obtain as results of sale of investments.

The intercompany transactions registered on the years under analysis respect to interests and other financial income and expenses.

Through the analysis of Pareuro accounts was possible to conclude that the ETR was 0%, as a result of dividends taxation regime[48].

Table 24 – Pareuro Taxes

CIT			ETR[49]		
2012	**2013**	**2014**	**2012**	**2013**	**2014**
0	0	0	0.00%	0.00%	0.00%

Source: Pareuro Annual Report 2012 and 2015

In respect to the return on equity, between 2013 and 2014 in average the shareholders of Pareuro could recover 2.77% of their investment. In 2012, considering the amount of expenses recorded and the consequently impact on net result, the shareholders of Pareuro could not recover any of it investment, once negative net results were registered.

Additionally is also possible to conclude through the debt-to-equity ratio that this company assume some financial risks once the financing through debt is significant. In average 73.07% of the assets were financed through equity.

Table 25 – Financial indicators of Pareuro

ROE[50]			Debt – to - equity			Financial autonomy		
2012	**2013**	**2014**	**2012**	**2013**	**2014**	**2012**	**2013**	**2014**
(8.94)%	2.89%	2.66%	39.21%	35.19%	36.22%	71.83%	73.97%	73.41%

Source: Pareuro Annual Report 2012 and 2015

5.4 Galp Energia Portugal Holdings B.V. (Galp Energia Portugal Holdings)

5.4.1 Galp Energia Group Context

Galp is owned by Amorim Energia B.V. in 33.34%; Parpública in 7% and the remaining shares are free float, once Galp is listed in the NYSE Euronext Lisbon since 2006.

[48] Under the Netherlands rules as stated in the following chapter the dividends received were exempt from taxation
[49] Income tax expense/Profit before income tax. It only considered for the ETR computation the amount paid regarding the income tax of the year
[50] Net result/ Total shareholder's equity. However, if the dividends received from its subsidiary is not considered for determining the net profit, the ROE will correspond to (13.67)%, (1.70)%, (2,04)% respectively, which means that the value recorded in these ratio is strongly affected by the amount of dividends received

Galp is a Portuguese Group composed by Galp Energia, SGPS S.A. and Petróleos de Portugal – Petrogal, S.A.

It is an integrated energy player that have presence in all stages of the value chain of oil and natural gas, since exploration and production to refining and distribution as also as gas and power.

Galp develops its activities worldwide once have presence in 11 countries: Portugal, Spain, Brazil, Angola, Mozambique, Cape Verde, Guinea-Bissau, Swaziland, East Timor and Namibia.

5.4.2 Galp Energia Portugal Holdings

Galp Energia Portugal Holdings was incorporated in 1999, provides management oversight and project financing services to oil and natural gas exploration and production projects.

Is owned by Pétroleos de Portugal – Petrogal S.A. in 100%.

The company holds participations in entities that operate under the strategic vision of Galp Energia's Group.

Until 2013, Galp Energia Holdings owned 100% of (i) Galp Energia Rovuma B.V. located in Netherlands and which main activity is prospection, research and exploration of hydrocarbons; (ii) Galp Trading, S.A. located in Switzerland that carry out activities of international trading in oil and natural gas; and (iii) Galp Exploração e Produção Petrolifera, S.A. that is engaged in holding activities in the upstream of the value chain.

However, in 2014 the company sold the participation in Galp Trading, S.A. to a Group company. Galp Energia Rovuma B.V. issued new shares in capital to private company Galp East Africa B.V., which caused a reduction in 75% of the participation help by Galp Energia Portugal Holdings B.V., that now has 25% participation in that company.[51]

Also important to mention that "*the company has played an important strategic role in the process of funding the investment programs in the downstream segment of the business and the exploration program carried out by its subsidiary, Galp Energia Rovuma BV in Mozambique*. (Annual Report Galp Energia Portugal Holdings, B.V. 2012)".

[51] Annual Report Galp Energia Portugal Holdings 2014

Additionally, is important to highlight that the company forms part of a fiscal unity with Galp Energia Rovuma B.V., which means that the assets and liabilities of the fiscal unity are treated as a whole.

Table 26 – Characterization of Galp Energia Portugal Holdings

Name	Group	Group sector	Date of incorporation	Functions	Risks	Average No employees
Galp Energia Portugal Holdings B.V.	**Galp Group**	Oil and Gas	1999	Played an important role in the process of funding the investment programs on the downstream segment of business carried out by its subsidiary.	The company have associated a risk regarding the possible fluctuations in the value of its financial assets, considering that those are registered at the book value. The company is also exposed to interest rate and cash flow risk as a result of possible fluctuations on market interest rates.	1

Source: Annual Report Galp Energia Portugal Holdings 2012 and 2014

Regarding the assets structure of Galp Energia Portugal Holdings B.V., the non-current assets represents in average 73% of the total assets and it is composed by financial fixed assets. The financial fixed assets are composed by the investments granted to Group/related companies.

Table 27 – Assets structure of Galp Energia Portugal Holdings

Assets			% financial fixed asset (participation interests) in total assets		
2012	**2013**	**2014**	**2012**	**2013**	**2014**
1,570,607,680	638,251,455	929,119,022	54.70%	96.22%	66.09%

Source: Annual Report Galp Energia Portugal Holdings 2012 and 2014

In respect to long-term liabilities, in 2012 were recorded two loans with Banco BTG Pactual SA and Export Facility Banco Santander in the amounts of 98,485,614 Euros and 461,177,530 Euros, respectively. Also a short term credit was recognised in the amount of 67,853,404 Euros. In 2014 was obtained a loan in the amount of 70,200,000 from Tagus RE SA.

The key contributor to Galp Energia Portugal Holdings revenues were the results on participations in Galp Exploração e Produção Petrolifera, S.A. Considering the period between 2013 and 2014, Galp Energia Portugal Holdings has received dividends from its subsidiary in the amount of 322,681 thousand Euros.

Table 28 – Revenues structure of Galp Energia Portugal Holdings

Revenues			% dividends in total revenues[52]		
2012	**2013**	**2014**	**2012**	**2013**	**2014**
18,557,167	137,862,600	222,250,121	-	75,53%	98,34%

Source: Annual Report Galp Energia Portugal Holdings 2012 and 2014

For the operating result only contributed the administrative expenses of the company such as the technical consultancy fees, the accounting fees, the audit and tax and legal fees as also as the other general and administrative costs, and the salaries and wages for the only worker of company that in average accounts for 1,920,284 Euros and 42,303 Euros respectively. So the operating profit[53] of the company under analysis is negative, once only costs are recorded.

Aside of the higher importance of the holding activities in the company results, the financial results also played an important role. During the years under analysis the company had contracted loans on banks for funding the remaining group companies.

Table 29 – Interests income and expenses and Weight of intragroup loans in Galp Energia Portugal Holdings structure

2012	2013	2014	2012	2013	2014
Interests income			**Interests expenses**		
18,557,167	33,732,788	3,687,046	(15,156,068)	(53,175,368)	(7,161)
% income from intragroup loans in total financial income			**% financial expenses in total expenses**		
97.91%	96.36%	99.26%	58.09%	92.72%	5.82%

Source: Annual Report Galp Energia Portugal Holdings 2012 and 2014

As per the above the financial results derivate mainly from intragroup loans, considering that in average 19.69% of financial income is generated from intragroup loans.

The financial expenses were predominant in the company as a result of the high amounts of loans contracted with third parties. In 2012, an amount of 15,156,068 Euros have been registered as interest and in 2013 an amount of 53,168,445 Euros.

Through the analysis of Galp Energia Portugal Holdings accounts was possible to conclude that the ETR was 0%, as a consequence of dividends taxation regime[54].

[52] Net profit share subsidiary/Total revenues. The total revenues include the results on participations and the finance income

[53] It is not considered for the operating profit the amount of dividends received

[54] Under the Netherlands rules as stated in the following chapter the dividends received were exempt from taxation

Table 30 – Galp Portugal Holdings Taxes

CIT			ETR		
2012	2013	2014	2012	2013	2014
0	0	0	The tax payable is calculated on a consolidated basis once it forms part of a fiscal unity with Galp Energia Rovuma B.V.[55]		

Source: Annual Report Galp Energia Portugal Holdings 2012 and 2014

In respect to the return on equity, in average the shareholders of Galp Energia Portugal Holdings could recover 12,58% of their investment. Nonetheless, in 2012 the net result were negative so is not possible for shareholders recover their investment.

Regarding the debt-to-equity is possible to conclude that although in 2012 the company had contracted high amounts of debt, those ones have been reducing in subsequent years, consequence of the capital amortizations. In average 84.04% of the assets were financed through equity.

Table 31 – Financial indicators of Galp Energia Portugal Holdings

ROE[56]			Debt – to – equity			Financial autonomy		
2012	2013	2014	2012	2013	2014	2012	2013	2014
(0.75)%	12.64%	25.86%	66,86%	0.23%	8.18%	59.93%	99.77%	92.44%

Source: Annual Report Galp Energia Portugal Holdings 2012and 2014

5.5 EDP Finance B.V. (EDP Finance BV)

5.5.1 EDP Group Context

EDP – Energias de Portugal, S.A. is listed in the NYSE Euronext Lisbon, since 1997.

EDP is a vertically integrated utility Group and at the same time is the largest producer and distributor of electricity in Portugal. Also important to mention that EDP have a large predominance in the Spanish market.

EDP Group is the 3rd largest electricity generation company and one of the largest gas distributors in the Iberian Peninsula.

EDP Group has presence in 14 countries, which means more than 12,000 employees worldwide, and an installed capacity of around 24.4 GW.

[55] Notwithstanding considering that the profit before tax is equal to the amount proposed for profit appropriated could be deducted that the ETR is 0

[56] Net profit/ Total shareholder's equity. If the dividends received from its subsidiary is not considered for determining the net profit, the ROE will correspond to (3.71%) and 0.42% respectively, which means that the value recorded in these ratio is strongly affected by the amount of dividends received

5.5.2 EDP Finance BV

EDP Finance BV was incorporated in 1999 and is owned by EDP, S.A..

The objective of the company is to "*raise funds in the debt capital market and bank loan market to fund EDP Group activities* (EDP Finance BV Annual Report, 2013)". So EDP Finance BV borrows funds and provides funding services to the all Group companies.

This company is carefully managed in order to comply with its obligations and fulfil the requirement of positive tangible net worth, which means that the total assets needs to be higher than the total liabilities.

Table 32 – Characterization of EDP Finance BV

Name	Group	Group sector	Date of incorporation	Functions	Risks	Average No employees
EDP Finance B.V.	**EDP**	Utilities	1999	Act as a finance company to EDP Group.	Company is exposed mainly to exchange rate risks considering the fact that obtain debt in currencies other than Euros and interest rates risks regarding market fluctuations of interest rates.	0

Source: EDP Finance BV Annual Report 2013 and 2014

Regarding the assets structure of EDP Finance BV, the non-current assets represents in average 65% of the total assets and it is composed by loans from group entities as also as derivative financial instruments.

Table 33 – Assets structure of EDP Finance BV

Assets			% assets related to loans granted and receivables from group entities in total assets		
2012	**2013**	**2014**	**2012**	**2013**	**2014**
16,031,753	16,058,074	16,647,911	96.49%	97.64%	97.26%

Source: EDP Finance BV Annual Report 2013 and 2014

Bearing in mind the aforementioned table is possible to conclude that the loans and receivables from group entities accounts in average for around 97.13% of the total assets of the company.

Regarding liabilities EDP Finance BV recorded in 2012 an amount of 15,929,923 Euros, in 2013 15,894,107 Euros and in 2014 16,504,497 Euros. The highest representativeness respect to debt securities followed by loans and credit facilities to group entities and third parties.

EDP Finance BV recognizes as operating revenue the services rendered to EDP S.A. for the debt portfolio management of the group. It also recorded costs regarding supplies and services.

However, the amount of costs is higher than the revenues, which is translated in a negative operating result.

The company concentrates its activity in management the funding activity of the group which gave to it a financial business structure.

Thus the key contributor to EDP Finance BV revenues is the interests received from the intragroup loans.

Table 34 – Revenues structure of EDP Finance BV

Revenues			% intragroup loans income in total interests income[57]		
2012	**2013**	**2014**	**2012**	**2013**	**2014**
635,159,000	706,480,000	788,966,000	83.87%	84.79%	82.80%

Source: EDP Finance BV Annual Report 2013 and 2014

The transactions registered in group context respect mainly to group loans granted to EDP S.A., EDP Renováveis Servicios Financeiros, S.L., EDP S.A. Sucursal en España, EDP Renováveis S.A..

Through the analysis of EDP accounts was possible to conclude that in the period under analysis the ETR registered by EDP Finance BV it is similar to the Dutch tax rate (25%).

Nevertheless, until 2012, EDP Finance BV paid reduced amounts of tax supported in an advanced pricing agreement with the Dutch tax authorities[58] that determines the taxable amount of the company under certain requirements and assumptions. This explains the difference between the effective tax rate supported in 2011 and 2010 (of 5.1% and 1.4% respectively), instead of the Dutch nominal tax rate (of 25%)[59].

Notwithstanding, is important to highlight that in 2013 EDP Finance BV proceeded to the payment of the tax due regarding fiscal years 2010 to 2012.

[57] Loans and receivables to group entities/Interest income
[58] The APA was signed in 2007
[59] Annual Report EDP Finance BV 2011

Table 35 – EDP Finance BV Taxation

CIT			ETR[60]		
2012	2013	2014	2012	2013	2014
(3,609)	3.175	(4.913)	25.00%	0,00%[61]	24.95%

Source: EDP Finance BV Annual Report 2013 and 2014

In respect to the return on equity, in 2013 the shareholders could not recover their investment once the net result were negative. In 2012 and 2014 the shareholders could recover part of their investment.

Regarding the debt-to-equity ratio bearing in mind the financial structure of EDP Finance BV it is possible to conclude that debt represent the company major source of finance. In average 0.84% of the assets were financed through equity, which allow to conclude that the company had high levels of indebtedness.

Table 36 – Financial indicators of EDP Finance BV

ROE[62]			Financial autonomy		
2012	2013	2014	2012	2013	2014
7.83%	(7.41)%	10.31%	0.86%	0.80%	0.86%

Source: EDP Finance BV Annual Report 2013 and 2014

5.6 Cimpor Financial Operations B.V. (Cimpor Financial Operations)

5.6.1 Cimpor Group context

Cimpor is hold by the Brazilian company InterCement in 94.20%. The main activity of the Group is production and distribution of cement.

Cimpor belongs to InterCement and is one of ten major international producers of cement. It has 40 production units, with an installed capacity of 46 million tonnes per year which means 8 thousands employees and an annual revenue of EUR 2,5 thousand millions.

The Group is have operational business units in 8 countries in South America, Europe and Africa, and it is the leader in Portugal, Argentina, Mozambique and Cape Verde, and has a very good market positions in Brazil, Paraguay, South Africa and Egypt.

The Group operates in Portugal through the company Cimpor – Cimentos de Portugal, SGPS, S.A. that has a wide range of direct and indirect subsidiaries operating in Portugal, that develop

[60] Income tax expense/Profit before income tax. It only considered for the ETR computation the amount paid regarding the income tax of the year
[61] The amount recorded in the year respect to a deferred income tax, that considered the aforementioned note is not considered for the ETR calculation
[62] Net profit/ Total shareholder's equity

activities such as: cement production; holding activities; purchase and sale of real state; and also activities of social headquarters and management consulting.

Additionally, to the operational business units previous mentioned, Cimpor – Cimentos de Portugal, SGPS, S.A. also have a subsidiary in Netherlands, Cimpor Financial Operations B.V. in Netherlands.

5.6.2 Cimpor Financial Operations

Cimpor – Cimentos de Portugal, SGPS, SA holds 100% of Cimpor Financial Operations B.V.

This company was created in 1999 with the aim of be a vehicle for issuing debt in the international markets. It enables to create a system of circulation of funds within the group which allows the allocation of the debt to each of the companies in the group that needs funds for the development of its activity.[63]

Table 37 – Characterization of Cimpor Financial Operations

Name	Group	Group sector	Date of incorporation	Functions	Risks[64]	Average No employees
Cimpor Financial Operations B.V.	**Cimpor**	Cement and derivatives	1999	Mainly act as a finance company	Company is exposed mainly to credit risk that refers to the risk of their counterparties not meet its financial obligations	0

Source: Cimpor Financial Operations Annual Report 2013 and 2015

Regarding the assets structure of Cimpor Financial Operations, the non-current assets are composed by loans granted to group entities. In respect to the current assets it corresponds mainly to receivables from group companies.

Table 38 – Assets structure of Cimpor Financial Operations

Assets			% assets related to loans granted and receivables from group entities in total assets[65]		
2012	**2013**	**2014**	**2012**	**2013**	**2014**
735,873,546	719,459,493	1,568,785,778	99.27%	99.50%	94.60%

Source: Cimpor Financial Operations Annual Report 2013 and 2015

Regarding liabilities the ones with more representativeness are the debt securities as also as loans and credit facilities to group entities obtained from third parties.

Around 97% of the revenue was generated by intragroup financial transactions, which means that the key contributor to the company revenues are the intragroup interests.

[63] Annual Report, Cimpor – Cimentos de Portugal, SGPS, SA, 2002
[64] Cimpor Financial Operations Annual Report 2013, 2015
[65] (Financial fixed assets + Receivable from group companies)/Total assets

Table 39 – Revenues structure of Cimpor Financial Operations

Revenues			% revenues from income in intragroup loans in total financial income[66]		
2012	2013	2014	2012	2013	2014
75,966,454	34,699,773	57,971,934	97.65%	95.10%	99.38%

Source: Cimpor Financial Operations Annual Report 2013 and 2015

In respect to the operating results the company only recorded general and administrative fees and commissions which lead to a negative operational result.

Considering the financial structure of the company were predominantly recorded amounts of interests received related to loans granted to Group entities and interests paid to third parties.

The transactions registered in group context respect to group loans granted for instance to Cimpor Inversiones SA, Caue Finance Limited, and Caue Austria.

Through the analysis of the company accounts is possible to conclude that in 2013 it ETR was in line with the Dutch corporate income tax rate. The highest ETR recorded was in 2012 and as a consequence of the differences between the fiscal and accounting results (namely the non-deductible expenses[67]).

Table 40 – Cimpor Financial Operations Taxation

CIT			ETR[68]		
2012	2013	2014	2012	2013	2014
173,886	258,473	390,861	91.38%	24.28%	0.00%

Source: Cimpor Financial Operations Annual Report 2013 and 2015

In respect to the return on equity, in 2014 the shareholders could not recover their investment once the net result was negative. In 2012 and 2013 the shareholders could recover their investment.

Regarding the debt-to-equity ratio bearing in mind the financial structure of Cimpor Financial Operations it is possible to conclude that debt represent the company major source of funding. In average 0.37% of the assets were financed through equity, which allow to conclude that the company had very high levels of indebtedness.

[66] Interest income on loans to group companies/Financial income
[67] Cimpor Financial Operations Annual Report 2013
[68] Income tax expense/Profit before income tax. It only considered for the ETR computation the amount paid regarding the income tax of the year

Table 41 – Financial indicators of Cimpor Financial Operations

ROE[69]			Financial autonomy		
2012	**2013**	**2014**	**2012**	**2013**	**2014**
1.14%	19.98%	(21.27)%	0.40%	0.51%	0.19%

Source: Cimpor Financial Operations Annual Report 2013 and 2015

5.7 REN Finance B.V. (REN Finance BV)

5.7.1 REN Group Context

REN acts in two main areas: electricity and natural gas. Additionally, REN also operates in the telecommunication market through Rentelecom that provides services such as infrastructure, management services and consultancy.

REN recently started its internationalization process and received an impulse with the entry of strategic international partners: State Grid and Oman Oil on the company's capital. Notwithstanding REN only has a subsidiary company in Netherlands.

5.7.2 REN Finance BV

REN Finance BV was incorporated in 2013 and is totally owned by REN – Redes Energéticas Nacionais, SGPS, S.A..

The objective of the company is to finance the group companies.

Table 42 – Characterization of REN Finance BV

Name	Group	Group sector	Date of incorporation	Functions	Risks	Average No employees
REN Finance B.V.	**REN**	Utilities	2013	Act as a finance company	Company could be exposed to interest rate risk due to changes in market interest rates	1

Source: REN Finance BV Annual Report 2013 and 2015

Is important to mention that, according to REN Finance BV annual report, REN SGPS unconditionally and irrevocably guaranteed the due and payment of all credit amounts.[70]

Regarding the assets structure of REN Finance BV, the non-current assets represents the large percentage of the total assets and it is composed by the long-term loans to group companies.

[69] Net profit/ Total shareholder's equity
[70] REN Finance BV Annual Report 2015

Table 43 – Assets structure of REN Finance BV

Assets			% loans granted to group companies in total assets[71]		
2012	**2013**	**2014**	**2012**	**2013**	**2014**
n.a.	551,764,615	639,033,805	n.a.	99.80%	98.59%

Source: REN Finance BV Annual Report 2013 and 2015

Bearing in mind the aforementioned table is possible to conclude that the loans to group companies accounts more than 99% of the total assets of the company. Regarding liabilities the highest representativeness respect to long-term borrowings, which include bank borrowings and bonds.

REN Finance BV concentrates its activity in the provision of loans to its shareholder, REN SGPS, which gave to it a financial business structure.

Thus the key contributor to REN Finance BV revenues are the interests received from the intragroup loans.

Table 44 – Revenues structure of REN Finance BV

Revenues			% intragroup loans income in total interests income[72]		
2012	**2013**	**2014**	**2012**	**2013**	**2014**
n.a.	5,785,663	32,002,358	n.a.	86.80%	100.00%

Source: REN Finance BV Annual Report 2013 and 2015

In 2013, REN Finance BV recognizes as operating revenues fees from REN SGPS, namely arrangement and commitment fees and as operating expenses the general and administrative expenses and salaries. In 2014, only operating expenses were recorded, notwithstanding the operating results were negative in the both years.

In addition, is important to mention that REN Finance BV has concluded an APA with the Dutch Tax Authorities "*concerning the minimum margin required between the proceeds as received from the loans (Notes) and the loans granted to REN SGPS. According to the APA 8% of the loans provided to shareholder should be held as equity on the balance sheet of the company*. (REN Finance B.V. Annual report 2013)".

[71] (Long-term loans to group companies + Current-term loans to group companies + Receivables on group companies)/Total assets

[72] Interests income/(Other income + Interests income)

Through the accounts analysis is possible to conclude that the ETR registered was similar to the Dutch nominal corporate income tax, which means that the APA in force may not have influence in regard to the tax rate applied.

Table 45 – REN Finance BV Taxation

CIT			ETR[73]		
2012	2013	2014	2012	2013	2014
n.a.	(29,607)	(880,968)	n.a.	20.00%	24.72%

Source: REN Finance BV Annual Report 2013 and 2015

In respect to the return on equity, in average the shareholders could recover 2.85% of their investment.

Regarding the debt-to-equity ratio bearing in mind the financial structure of REN Finance BV it is possible to conclude that debt represent the company major source of funds as in average only 7.60% of the assets were financed through equity.

Table 46 – Financial indicators of REN Finance BV

ROE[74]			Financial autonomy		
2012	2013	2014	2012	2013	2014
n.a.	0.29%	5.41%	n.a.	7.42%	7.77%

Source: REN Finance BV Annual Report 2013 and 2015

5.8 Conclusion

Although all of the above analysed companies have the same NACE, which means that apparently all of them develop holding activities through the analysis of the functions performed, risks undertaken and the financial indicators was possible to group the companies into three different groups: i) Pure holding companies that include Sociedade Francisco Manuel dos Santos, B.V., Seinpar Investments B.V., and Seciment Investments B.V.; ii) Hybrid companies namely Pareuro B.V. and Galp Energia Portugal Holdings; and iii) Financial companies, which include EDP Finance B.V., Cimpor Financial Operations B.V. and REN Finance, B.V..

[73] Income tax expense/Profit before income tax. It only considered for the ETR computation the amount paid regarding the income tax of the year

[74] Net profit/ Total shareholder's equity

6 Corporate income tax rules

As mentioned before with the globalization and the coexistence of different taxation systems worldwide, the CIT rules have been used by countries as a “mechanism” to attract FDI and moreover as a way to generate a competitive advantage.

Netherlands are point out as a relevant country in FDI context and specifically in the Portuguese reality. As so, in this chapter is made a comparative analysis of the Dutch and the Portuguese tax systems with focus on the rules applied between 2012 and 2013 (before the Portuguese CIT reform) with the aim of highlight the main differences and understand if those differences can impact the investment decision.

Thus, in these chapter it will be presented the tax regime with focus on some key drivers of investment decisions, such as the taxation of interests, capital gains / losses and dividends, with the aim of understand what can influence the investment of Portuguese companies in Netherlands.

6.1 Corporate income tax in Netherlands[75]

Dutch CIT (Vennootschapsbelasting, Vpb) has a classical system so the corporate profits are taxed and the distributions from those profits are once again taxed in the sphere of the shareholder. In the case of qualifying shareholders the double taxation is eliminated by the participation exemption regime. At the level of individual shareholders, the double taxation is mitigated based on a lower flat rate of income on dividends.

Distributions of profits are subject to withholding tax that is creditable against the corporate income tax liability on the current year.

6.1.1 Taxable income

The Dutch companies are subject to CIT on their worldwide income, which means that the companies are taxable for the total income, including the one generated outside the country. The non-resident companies are taxed only for the income generated in Netherlands, according with the source principle.

Under the Netherlands fiscal law, companies incorporated in Netherlands are considered resident in Netherlands for CIT and withholding tax purposes.

[75] The present section in performed based on IBFD Netherlands tax system characterization

The exemptions regarding the CIT could be founded in article 3 of IB and article 13, 14 and 15 of Vpb.

The participation exemption regime could be founded in article 13, and that determines that capital gains, dividends and other profit distributions qualified under that regime are exempt from taxation. It could also be applied when the subsidiary and parent company are treated as a fiscal unity.

6.1.2 Foreign currency

If requested companies are allowed to determine their business profits in a functional currency under the specifications of article 7(5) of Vpb and the Decree of 11 May 2011, BLKB 2011/392 M). Nevertheless it only could be applied if that currency is also used in commercial accounts at least in the year of the requirement.

The CIT must be paid in Euros, considering an average rate of the euro and the functional currency.

6.1.3 Rates

The corporate income tax rates in Netherlands are established in the article 22 of Vpb, and are in line with its European neighbors. The tax rate is of 20% for taxable profits up to 200,000 Euros and 25% for taxable profits exceeding that amount. There is no state or municipal taxes.

6.1.4 Capital gains & losses

The capital gains/losses are determined by the difference between the sales price and book value of the asset. Capital gains is treated as a normal business profit, and consequently is considered as a taxable amount. However, the qualified participations are exempt of taxation, as per the participation exemption regime.

6.1.5 Interests

Generally interests on bonds, loans and debentures are deductible as a business expense. Although, since 2012 there is a limitation regarding the acquisitions by holding companies, which means that the interests are deductible up to a Euro 1 million, according with the article 15 of Vpb.

6.1.6 Dividends

The term dividend respect to the income from shares owned in other companies.

Dividend distributions may be subject to withholding tax, which is commonly creditable for resident shareholders against their individual CIT liability.

Under the article 13 of Vpb dividends and other profit distributions are exempt under the participation exemption regime from taxation, as also as the capital gains and losses. These distributions are also exempt from withholding tax, according with the article 4 of the DB.

6.1.7 Participation exemption regime

The participation exemption regime applies to dividends, interest or capital gains registered by resident and non-resident companies subject to CIT in Netherlands.

No requirements regarding the duration of period in which a participation must be held exists under the Dutch law. Nevertheless some requirements should be meet in order to qualify to the participation exemption, namely an ownership test[76] and a motive test[77] must be satisfied. Notwithstanding, when the motive test is not met the participation exemption still applicable if an asset test[78] or subject-to-tax test[79] is met.

6.1.8 Losses

According with article 20 of Vpb, losses arises when the expenses exceed the income of a company in a tax year. The losses registered in a current tax year could be set off against past and future profits. Specifically, the losses could be carried back 1 year and carried forward 9 years.

If the main activity of the company respects to hold participations (pure holding companies) or (in)direct financing of related companies, the losses could only be set off against the profits of the year. Additionally, the losses registered with respect to holding activities could not be set off against profits from other activities.

6.1.9 Withholding taxes

A withholding tax of 15% is applied to dividends, liquidation earnings and other profit distributions. Nonetheless, if the recipient qualifies for the regime of participation exemption no withholding tax is applied.

[76] **Ownership test** - the participation exemption applies to a participation of at least 5% in the nominal share capital of the subsidiary company

[77] **Motive/ Intention test** - the participation must be held based on business reasons and not as a mere portfolio investment, however is the tax authorities that have to prove that the participation is held for a mere portfolio investment. If the taxpayer is a holding company the participation held qualifies for the participation exemption

[78] **Subject-to-tax test** - The foreign subsidiary is taxed in the country of residence at least at an ETR of 10%

[79] **Asset test** - 50% assets of the company must not be considered as free portfolio investments, including receivables on group companies

6.1.10 Tax rulings

Netherlands provides easy access to ATR's, which allow companies to approach tax authorities and seek guidance in advance on the taxation of their transactions. No limitations were recognized regarding the tax area that may be discussed in ATR's. The rulings could be defined as a binding advance opinion from tax authorities taking into consideration some specific facts and circumstances, which means that if these facts and circumstances registered a change, the ruling is cancelled. Normally they are valid for a period of 5 years and it is free. In 2001 the APA regime was published as a complementary regime to the ATR practice.

6.1.11 Advance Pricing Agreements

Under these programme established in the Decree of 30 March, 2011, IFZ2001/295M, replaced by the Decrees of 11 August 2004/124M and 21 August 2004, IFZ2004/680M) companies can obtain a unilateral or bilateral agreement in respect to transfer pricing applied in transactions with related parties. This programme is in line with OECD Transfer Pricing Guidelines.

Netherlands has an extensive number of APA's, when compared with the other EU countries, in 2012 according with the EU joint transfer pricing forum Netherlands has 247 APA granted. In 2013, 228 and in 2014 203, which allow to classify the country as the one with the highest number of APA.

6.1.12 Tax treaties

The aim of tax treaties in Netherlands is (i) avoid double taxation (ii) avoid tax evasion, (iii) achieve as possible legal security for taxpayer through reducing the tax burden, exchange information and promote mutual assistance regarding taxation.

The avoidance of double taxation under the tax treaties could be achieved through (i) exemption with progression method or (ii) credit method. The credit method generally applies to foreign taxes on dividends, interests and royalties. A decree of 12 July 2010 state that the application of the credit method is no longer limited, which means that it is applicable to direct and indirect subsidiaries. The treaties could also exempt or apply a reduced rate of withholding tax in dividends, interests and royalties.

Foreign tax suffered by the recipient is then available for tax credit relief. Upon request the taxpayer could deduct the withholding tax as business expenses instead of applying for treaty relief.

Netherlands was around 90 tax treaties with countries worldwide[80].

6.1.13 Fiscal Unity

A parent and its subsidiary companies could be treated as one single entity for CIT purposes (fiscal unit), which means that the activities, assets and also liabilities are allocated to the parent company. So balance sheet and profit loss accounts are consolidated. Additionally, there is no limitation regarding the duration of the fiscal unity.

6.1.14 Taxation of Special Types of entity – Holding companies

These companies perform activities of central management, administrative services and other head office activities that may be remunerated based on an arm's length compensation. This profits are subject to CIT as any other kind of remuneration obtained by the company. However, dividends could be exempt from CIT, through the participation exemption regime.

6.1.15 Stamp tax

In Netherlands, there are no stamp tax.

6.2 Corporate income tax in Portugal before the income tax reform of 2014[81]

The taxes levied by the state on the company's profits are the CIT and the state surtax, this was introduced with the austerity plan for 2010-2013. Additionally, also the municipalities may levy a municipal surtax established in accordance with their municipal area.

6.2.1 Taxable income

Resident companies are taxed on their worldwide income and the non-resident are taxed only the income generated in Portugal, according with the source principle.

In order to qualify as resident in Portugal its effective management have to take place in Portugal (as per the article 2(3) of CIT Code). The place of the effective management is the place were management and commercial decisions occur.

There some important types of exemptions, which include: (i) capital contributions by shareholders and participants of capital (as per the article 21(1) of the CIT Code); (ii) dividends

[80] Albania, Argentina, Armenia, Australia, Austria, Azerbaijan, Bangladesh, Barbados, Belarus, Belgium, Bermuda, Bosnia and Herzegovina, Brazil, Bulgaria, Canada, Croatia, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Georgia, Ghana, Greece, Hong Kong, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Japan, Jordan, Kazakhstan, Korea, Kosovo, Kuwait, Latvia, Lithuania, Luxembourg, Macedonia, Malaysia, Malta, Mexico, Moldova, Morocco, New Zealand, Nigeria, Norway, Oman, Pakistan, Panama, Philippines, Poland, Portugal, Qatar, Romania, Russia, Saudi Arabia, Serbia and Montenegro, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sri Lanka, Suriname, Sweden, Switzerland, Taiwan, Tajikistan, Thailand, Tunisia, Turkey, Uganda, Ukraine, United Arab Emirates, United Kingdom, United States, Uzbekistan, Venezuela, Vietnam, Zambia and Zimbabwe.

[81] According with CIT Code in force until 2014

received from a qualifying participation (as per the article 51 of the CIT Code); (iii) unrealized capital gains (as per the article 21(1)(b) of CIT Code) as also as certain realized capital gains.

6.2.2 Rates

Considering the article 87 of the CIT Code, the taxable profits are subject to a CIT of 25%. In addition, a state surtax applies (3% to the taxable profits between 1,5 million and 7,5 million Euros and 5% to the taxable profits higher than 7.5 million Euros. Also a municipal surtax is added to the CIT (can vary between 0% and 1.50%).

6.2.3 Capital gains & losses

In Portugal capital gains are generically part of ordinary income, according with article 20(1)(h) of CIT Code. The taxable gain is the difference between the realized value and the cost of acquisition, according with the article 46 of CIT Code. The cost of acquisition could be adjusted based on a coefficient for the year of the acquisition.

The Portuguese law allows an exemption of 50% on the capital gains taxable in the year if they arise from fixed tangible assets, non-consumable biological and investment properties owned at least for 1 year and if the total amount received is reinvested within a 2-year period after the year of the disposal.

Additionally, according with the article 32 of EBF until 2013, the holding companies benefit from a special regime. Although a range of requirements must be fulfilled an exemption of CIT to the capital gains may be applied.

6.2.4 Interests

Until 2013 the interests were subject to the thin capitalization regime (as per the article 67 of CIT Code), under which the interests in respect to the excessive debt granted from a non-resident related party were non-deductible. One entity is considered as related if one can exercise directly or indirectly a significant influence in the management of the other. On the other hand, it is considered excess of debt when the value in due is more than twice the value of the corresponding participation in the own capital of the taxable person.

Since 1st January 2013 this regime was no longer applicable, but a new regime to determine the amount of expenses that could be deductible was established in Portuguese CIT Code.

Under the new rules, the financial expenses deductibility is limited to the higher of the following: a) 3 million Euros or b) 30%[82] of the earnings before depreciation, net financing expenses and taxes. The application of this new rules includes not only cross border intragroup financing transactions but also any other financial transactions.

6.2.5 Dividends

According with the Portuguese law for the elimination of the double taxation of dividends stated in article 51 of CIT Code, the dividends received from a subsidiary could be exempt from taxation in the parent company sphere when some requirements are accomplished, namely:

- The subsidiary that distribute the dividends need to be resident or have effective direction in Portugal and consequently is subject and not exempt from CIT Code;
- The entity is not under the fiscal transparency regime stated in the article 6 of CIT Code;
- The entity has a participation of at least 10% of the subsidiary capital and this is owed uninterruptedly during the previous year of the distribution of dividend.

6.2.6 Double taxation

Taxes paid abroad may be credited against the company CIT liability, excluding the municipal surtax. Foreign taxes qualifying for these credit against the corporate income taxes and the withholding taxes on dividends, interests, royalties and service payments. The credit is limited to the Portuguese tax, which is proportionality attributable to the foreign source, which means the direct and indirect costs to achieve that income.

According with the article 90 of the CIT Code the deduction is only applicable when foreign income is recognized and corresponds to the smaller of the following: tax on income paid abroad and the CIT fraction calculated before the deduction corresponding to the income that can be taxed net of the costs or losses directly or indirectly incurred in obtain it. When a tax treaty to eliminate the double taxation exists the deduction could not exceed the tax paid abroad, considering the rules established in the treaty.

6.2.7 Losses

Operating losses occurs when the amount of costs exceed the amount of income. In accordance with the article 52 of CIT Code the losses recorded in a fiscal year may be carried forward for 5 years. The deduction of losses were limited to 75% of the recorded loss. The right of carry

[82] Considering the transitory regime the percentage applied in 2013 was 70%

losses forward is constrained whether in the previous year of tax purpose the company have changed at least 50% of the capital or the majority of the voting rights has been transferred.

6.2.8 Withholding taxes

The withholding tax rate on dividends is 25% according with the article 94(4) of CIT Code.

6.2.9 Rulings

The legal source of rulings could be founded in article 268 of the Portuguese constitution and articles 599; 67 and 68 of the LGT. Rulings are identified as opinions issued by tax authorities.

There are 2 types of rulings available in Portugal, those are: (i) general rulings for the interpretation of tax provisions under article 59(3)(b) and (f) of the LGT; (ii) advance rulings with specific queries answered by the tax administration in accordance with article 59(3) and 68 of the LGT as also as article 5(2) of the EBF). The advance ruling expires in 4 years.

6.2.10 Fiscal Unity

Since 2001 a special regime for determine the taxable base of a groups exists and is regulated by the CIT Code and the DGCI Decree 4/2001 of 14 February 2001. In order to qualifying for that special regime the dominant company have to held at least 90% of the capital and capital 50% of the voting rights. It also have to be maintained by the parent for 1 year.

Under this regime the profits were computed considering the sum of the taxable profits and tax losses as determined in the returns of each of the companies belonging to the group.

6.2.11 Advance pricing agreement

Budget Law 2008 (Law 67-A/2007) introduced the possibility of obtain APA's under the article 138 of CIT Code. Ordinance 620-A/2008 of July 2008 introduce specific regulations for the negotiation between the taxpayer and tax authorities. The main purpose of the APA is to ensure that tax authorities accept for a period of 3 years, the transfer pricing method carried out by the taxpayer. An APA could be unilateral or bilateral.

6.2.12 Tax treaties

The main objective of the treaties in Portugal is avoid the double taxation. The applied method for the eliminated of double taxation is the credit method, which means that the taxes of business income, dividends, interests, royalties and capital gains are credited against the resident company's CIT liability (without considering the municipal surtax). As a rule the credit corresponds to the lower of the foreign tax paid and the Portuguese tax.

Portugal have tax treaties with around 55 countries worldwide[83].

6.2.13 Stamp tax

Stamp tax is regulated by a specific code. Stamp tax is charged between others on: (i) acquisition of immovable property; (ii) lease of sublease of immovable property; (iii) business or agricultural establishment; (iv) financial transactions[84] in accordance with the article 17(1)-(3) of the stamp tax code; insurance premiums; prizes and winnings from games; real estate or land construction with a value registration at least of EUR 1 million.

6.2.14 Tax planning structures

The Decree 29/2008 of 25 February establish the communication duties regarding the using of fiscal planning schemes. This applies to schemes that conduct to fiscal advantages which means reduction, elimination or deferment of tax.

The schemes under this decree are the ones that: i) involve the participation of an entity subject to a privileged fiscal regime; ii) involve the participation of a totally or partially exempt entity; iii) involve financial operations that can requalify the income or change the beneficiary; iv) involve the use of tax losses.

6.3 Comparison between CIT rules in Portugal and Netherlands

Considering the CIT rules in Netherlands and in Portugal a range of differences could be identified mainly regarding not only the taxation of the business profits, but also the taxation of capital gains; dividends and interests, which represents the strategic variables to an investor, considering the three main periods of a business: the acquisition or investment in a business; the ongoing of the business; the sale or disinvestment of a business.

In respect to Netherlands, the regime for the elimination of economic double taxation establish that the profits distributed to companies having their office or effective management in Netherlands are, in principle, exempt from taxation, independently of the location of the subsidiary that distribute the dividends. This differs from Portugal, where (until 2014) only qualify for the participation exemption the profits distributed from Portuguese or EU resident

[83] Algeria, Austria, Belgium, Brazil, Bulgaria, Canada, Cape Verde, Chile, China, Cuba, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Guinea-Bissau, Hong-Kong, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Korea, Luxembourg, Macau, Malta, Mexico, Moldova, Morocco, Mozambique, Netherlands, Norway, Poland, Romania, Russia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Tunisia, Turkey, Ukraine, United Arab Emirates, United Kingdom, United States, Uruguay, Venezuela.

[84] In accordance with the stamp duty general chart the applied rate could range between 0.04% and 0.60%, considering the maturity of the loan. Whether maturities of less than 1 year were applied a monthly rate of 0.04%; to maturities between 1 a 5 years were applied a rate of 0.50% and to maturities upper than 5 years were applied a rate of 0.60%.

companies. Also the requirements that must be fulfilled to qualify for the participation exemption is different once the holding participation were only 5%, instead of the 10% under the Portuguese law. At the same time in Netherlands doesn't exist requirements regarding the duration of the participation.

Thus, the double taxation of profits normally do not exist when the shareholder is resident in the Netherlands. However, if the residence is Portugal the elimination of the double taxation in regard to the dividends received from non EU countries is not assured. Moreover, when applicable, the requirements for benefit from the participation exemption regime are more complex in Portugal, which is more attractive for companies establish their holding companies in Netherlands when compared to Portugal.

In Portugal exists a special regime for the holding companies (which exempt from taxation the capital gains) in Netherlands the exemption applies to all companies that fulfil the requirements under the participation exemption (stated before).

Considering the financing activities, Netherlands has a clear advantage when compared to Portugal once any stamp tax is applied to loans. Therefore, this could be pointed out as a fiscal saving for the companies that performs this kind of activities through Netherlands.

Additionally, another range of themes regarding the fiscal system should be highlighted: in Netherlands, in contrast to Portugal, the losses could be carried back and forward instead of Portugal that only allow carry forward losses.

Another relevant difference regards to the number of countries with which Netherlands has tax treaties as also as the facility to negotiate with the tax authorities and the absence of costs to obtain rulings or APAs.

The fiscal stability is another important characteristic of the Dutch regime once it is translated in a competitive advantage when compared with the Portuguese law that is constantly changing. Between 2000 and 2014 the CIT Code have change approximately 13 articles a year.

Table 47 – Comparison between fiscal regimes of Portugal and Netherlands (in force before the CIT reform in Portugal – 2012 and 2013)

	Portugal	Netherlands
RETGS/ Fiscal unity	▪ Effective management; ▪ 50% voting rights; ▪ 90% participation.	▪ Effective management or PE in Netherlands and effective management outside; ▪ 95% participation.

	Portugal	Netherlands
Dividends	▪ Exemption from dividends distributed by EU companies; ▪ 10% of holding participation; ▪ At least one year owning the participation.	▪ Exemption applied independently of the country that distribute the profits; ▪ 5% of holding participation; ▪ Effective tax rate of 10%; ▪ No duration requirements.
Capital gains and losses	▪ Exemption for holding companies that comply with several requirements	▪ Exemption for all type of companies
Interests	▪ Thin capitalization rules in 2012; ▪ Deductible to the higher of the following; 3 million Euros or 30%[85] of the EBITDA.	▪ Deductible (upon to 1 million euros if holdings)
Taxes	▪ 25% + municipal surtax (0% to 1.5%) + state surtax (0% to 5%)	▪ < 200,000 euros – 20%; ▪ > 200,000 euros – 25%.
Report of Losses	▪ 5 years carry forward, until 75% of the taxable amount	▪ 1 year carry back and 9 years carry forward
Tax treaties	▪ Approximately 55 countries (in force during 2012 and/or 2013)	▪ Approximately 90 countries (in force during 2012 and/or 2013)
APA's[86]	▪ 2 (average between 2012 and 2013); ▪ Unilateral; ▪ The filling fees varies according with the turnover (minimum: 3,152.40 Euros and 34,915.85 Euros).	▪ 238 (average between 2012 and 2013); ▪ Bilateral and unilateral; ▪ No filling fees
Stamp tax	▪ 0.04% (monthly) loans with less than 1 year; ▪ 0.50% loans between 1 and 5 years; ▪ 0.60% loans upper to 5 years ▪ 4.00% on interests.	▪ n.a.

Legend: n.a. – not applicable

Source: Own elaboration

7 Discussion of Results

Taking into consideration the differences among the Portuguese and Dutch tax regimes in 2012 and 2013 and considering the structure of the companies under analysis in these section will be presented the results founded.

[85] Considering the transitory regime the percentage applied in 2013 was 70%
[86] According with the EU Joint transfer pricing forum statistics on APAs at the end of 2012 and at the end of 2013

7.1 Fiscal motivations

In the following table is presented a summary of the effective and potential tax savings for each type of companies.

Table 48 – Fiscal motivations

Pure Holding/Financial companies		
	Potential	**Effective**
Fiscal treaties	Netherlands have a higher network of tax treaties when compared to Portugal, so the companies under analysis could found through Netherlands a higher number of countries with which could make business under some tax benefits, namely through the reduction or inexistence of withholding taxes. For interests normally applies a reduction of corporate tax rates and normally for the distribution of dividends and capital gains and losses applies an exemption.	-
Report of losses	-	In Netherlands the losses could be carried back and carried forward instead of what is verified in Portugal, which means that a loss recorded in year N could be deducted as the profit recorded in N-1. So if an amount of tax were due in N-1 in Netherlands is possible to record a deferred tax and use the loss obtain in N against the corporate tax due in N-1. This is translated in a fiscal saving in N-1 of (25% + municipal surtax + state surtax) of the amount of tax payable.
Tax rate	-	Once in Netherlands the tax rate applied varies between 20% and 25% and in Portugal a CIT rate of 26.5% is recorded[87]. Considering the results of the companies under analysis is possible to save between 1.5% and 6.5% of the taxable amount.

Pure Holding companies		
	Potential	**Effective**
Dividends	-	Under the Portuguese rules the amount of dividends received from companies outside the EU is added to the taxable amount. However, in Netherlands with the participation exemption this amounts were exempt from taxation. So, this is translated in a fiscal saving of (25% + municipal surtax + state surtax)[88] of the amount of dividends received.
Capital gains and losses	If any of the companies under analysis want to sell part of its business have to fulfil less requirements to be exempt from taxation in Netherlands than in Portugal.	-

[87] In cases of profits higher than 1,500,000 Euros as mentioned before a state surtax will be added.
[88] As previously mention the state surtax could range between 3% and 5%, in accordance with the profits amount. The municipal surtax is determine by each municipality.

Financial companies		
	Potential	**Effective**
Stamp tax	-	In Netherlands doesn't exist stamp duties which means that any amount regarding these were due on loans or interests, which gave to Netherlands a clear advantage when compared to Portugal. This is translated in a monthly fiscal saving of 0.04% of the loans provided considering a maturity of 1 year, 0.5% of the loans provided whether a maturity between 1 and 5 years and 0.6% of the loans whether maturities higher than 5 years added to a 4% rate on interests.

In addition, is important to mention that in the last years Netherlands have been considered one of the most attractive countries to locate companies within the EU considering: i) the stability of the law; ii) the lack of substance requirements; iii) the benefits under the income tax; iv) the easy access to financial markets; v) the network of tax treaties worldwide and vi) the low incorporation and annual running costs.

At the same time this country doesn't classify as a tax haven for the application of foreign anti-abuse rules.

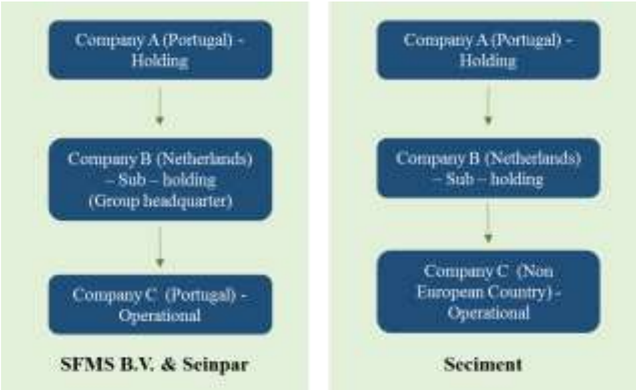
7.2 Taxation as a driver for the investment Netherlands: myth or reality?

7.2.1 Pure holding companies

The pure holding companies are totally dependent on the dividends received from its subsidiaries, don't perform any kind of operational activities and their assets respect to the holding participations in its subsidiaries.

These companies don't have or have a few number of employees. They can be classified as sub-holding companies once they are under the sphere of the Portuguese holding. In regard to the companies studied two structures were identified as stated in figure below.

Figure 1 – Pure holding companies



Source: Own elaboration

As per the figure above, Jerónimo Martins Group and The Navigator Group have an intermediary headquarters (sub-holding) in Netherlands, a country considered as a lower tax jurisdiction, taking advantageous from a more stable and advantageous tax regime.

In regard to the sub-holdings, considering the public information available, was not possible to identify an economic rational to support the localization in Netherlands.

In other way Secil Group used Seciment (and consequently Netherlands) as a platform to channel it investment to countries outside the Europe. In these case, the Dutch subsidiary was used as a conduit company to divert FDI. The underlying motivation to the use of Netherlands as a channel to reach their final investment destination, was a wide range of tax treaties and a universal exemption of dividends distribution (between others).

Although different motives can support the location of SFMS B.V., Seinpar and Seciment in Netherlands, once that country is typically advantageous regarding the holding activities and the taxable profits arising from that activity, namely the dividends and the capital gains. The tax regime works in favour of the choice of Netherlands as the location for the investment.

Under the participation exemption in force in Netherlands any amount of corporate tax were due on the dividends received, so any amount of tax have been paid by these companies considering the dividends received from its subsidiaries. In this regard, Netherlands provides a competitive advantage when compared to Portugal.

In the following table is presented the fiscal savings obtain regarding the distribution of profits, when applied.

Table 49 – Savings obtain regarding the participation exemption applied on distribution of profits[89]

Seciment	2012	2013	2014
Dividends Received	2.644.795	1.028.744	984.838
Fiscal saving*	700.871	272.617	260.982

* It was considered a CIT of 26.5%, so any state surtax was considered
Source: Seciment Annual Report

On the other hand Netherlands allow these companies to buy and sell participations without pay any amount regarding the capital gains instead of what is verified in Portugal. Bearing in mind the fact that the fiscal saving obtained on the taxation of dividends were not applied to all of the companies, these lead to the conclusion that the taxation of capital gains and losses could in a tax planning point of view be considered as a prominent factor instead of any real saving obtained in the years under analysis.

In both cases we were in presence of SPEs considering the business structure of those companies, the lack of substance associated to them as also as the functions performed, which allows to conclude that these not reflect a genuine investment in Netherlands.

7.2.2 Financial companies

The financial companies as the proper name indicates have a financial structure, which means that their results are mainly consequence of their financial activities, namely the interests' income and expenses. They don't perform any kind of operational activities and their assets respect to income interests on loans provided to group companies. The ratio of debt-to-equity or the financial autonomy of these companies demonstrate that their major source of financing is debt.

These companies, in contrast to the pure holding companies are active companies within the group context however continue to not have employees.

They are under the sphere of a Portuguese company, which, in the case of Cimpor Financial Operations and REN Finance B.V. is a Portuguese holding company.

[89] In the remaining cases any fiscal saving have been registered because the dividends were distributed from Portuguese or EU subsidiaries

Figure 2 – Financial companies business model

Source: Own elaboration

The main difference between the financial companies were not based on the business model as stated in the pure holding companies but on the intragroup flows.

All of these companies are important players in its group financing and their activity is remunerated by a spread charged to the group companies. However, EDP Finance B.V. and Cimpor Financial Operations provide intragroup loans to a range of group companies instead of REN Finance B.V. that only provide funds to its parent company REN S.G.P.S..

Notwithstanding, is important to mention that these companies use its parent company as an economic guarantee to obtain their funds, which means that a keep well agreement, so contract between the parent company and its subsidiary exists to ensure the solvency of the subsidiaries.

Those companies have been using Netherlands as a financial hub to locate its financial function, playing a prominent role in the funding of the group companies. They were externalizing the financial function and consequently dividing their value chain across countries, locating the different stages of the value chain where could obtain more competitive advantages. In these regard there are a business motive underlying the location of those companies in Netherlands.

The companies under analysis only grant loans to group companies. Considering the Dutch tax system any amount of stamp tax was due regarding this intragroup loans and the underlying interests, which means that to the profits obtain with the financial activity perform by the sub-holdings under analysis was only applied the CIT. The financial companies are currently taking advantages of the inexistence of stamp tax in Netherlands, which gave to that country a competitive advantage when compared to Portugal.

In the following table is presented the fiscal savings obtain by each of the companies under analysis considering the stamp tax and the loans granted to group companies. Although, regarding REN Finance B.V. there is a difference because this company provide funds to group in form of commercial paper that is exempt from stamp duty in Portugal, which means that here the fiscal saving was obtained when REN Finance B.V. obtain loans in Bank of China, Sucursal in Spain to acquire the notes issued by REN SGPS.

Table 50 – Savings obtain regarding the inexistence of stamp duty in Netherlands

EDP Finance B.V.	2012	2013	2014
Interest income (A)	633.054	704.702	787.198
Loans to group companies (B)*	15.468.470	15.679.757	16.191.211
Fiscal saving (A)*4%+(B)*0,5%	102.665	106.587	112.444

* It was considered that the loans have a maturity higher than 1 year

Cimpor Financial Operations	2012	2013	2014
Interest income (A)	74.182.122	32.998.075	57.615.272
Loans to group companies (B)*	730.486.688	715.885.658	1.483.909.001
Fiscal saving (A)*4%+(B)*0,5%	6.619.718	4.899.351	9.724.156

* It was considered that the loans have a maturity higher than 1 year

REN	2013	2014
Interest expense (A)	4.404.761	28.185.932
Loans obtained outside Portugal (B)*	108.800.680	580.346.837
Fiscal saving (A)*4%+(B)*0,5%	720.194	4.029.171

* It was considered that the loans have a maturity higher than 1 year
Source: EDP Finance B.V., Cimpor Financial Operations and REN Finance B.V. Annual reports

Therefore, is possible to conclude that stamp tax plays a prominent role and has a significant impact for financial hubs located in Portugal reason why several groups decide to locate their financial hubs in other countries.

However, these companies were identified as SPEs considering its business structure, the lack of substance associated to them and their functions. They are strategically used to raise capital for other group companies located outside Netherlands, which allows to conclude that these not reflect a genuine investment in Netherlands.

In other perspective with the higher amounts of debt arises the risks of credit, interest rate or at least exchange risk but considering the keep well agreement established with its parent company those risks maybe should be allocated to the Portuguese company and maybe also the remuneration associated to these functions should be allocated to the Portuguese company, and here emerges two questions the profits were been taxed where value was created? Could be this kind of practices considered profit shifting? Nevertheless this research will not aim to answer to those questions.

7.2.3 Hybrid companies

The hybrid companies in these case mainly devolved holding activities and consequently as previously mention in the characterization of the pure holding companies their main assets respect to the holding participations, their results were mainly generated by the dividends received from its subsidiaries, however the surpluses of its holding activities were used to provide intragroup loans, or on the other hand intragroup loans or debt financing was registered to funding its holding activities. So, these companies were in somehow a hybrid between the holding and financial group.

Pareuro have a similar business structure to SFMS, B.V. and Seinpar, although the headquarters of the group continue to be in Portugal, and by contrast Galp Energia Portugal Holdings has a similar structure to Seciment. In this regard, also the two companies were considered SPEs that were use Netherlands in their international tax planning structures to take advantage of its taxation systems as mentioned in two above sections.

7.2.4 Final considerations

Notwithstanding some differences could be identified across these three clusters as previously understood, all of those companies belongs to Portuguese MNCs listed on Euronext Lisbon and part of PSI 20, which means that those companies are part of the biggest 20 Portuguese groups.

At the same time, it can be seen that these companies do not have adequate resources to develop their activities in the Netherlands, and that their continuity depends on the group to which they belong. Consequently, these companies can be classified as instrumental companies located in the Netherlands to take advantage of Dutch taxation system, which means that, in this case, taxation regime is clearly an engine for investment in the Netherlands.

Although these structures have been largely used in the past, in the context and consequence of the globalization of markets and companies, in the future, with the relevance of the recent BEPS project, the existence of these SPEs will be easily challenged. In fact, the BEPS project may be considered as a turning point in the existence of such structures in MNC.

8 Conclusions and future researches

8.1 Main conclusions

Internationalization has been emerging as a way to companies deal with the challenges of globalization. However and considering the literature research different reasons have been pointed out as motives for the foreign investment.

The present study has the aim of identify if taxation is a driver for the FDI. Although in the last years some studies regarding the relation between the tax variables and FDI have been developed there's no consensus among them. Also exist a gap in literature regarding the tax variables analysed once the large majority of the studies only focus in the CIT applied in the different countries.

However is transversal that the different taxation policies among countries have been drawing attention in the last years as techniques used by countries to attract FDI. In this regard the decision about the location of investment have been identified by some authors as connected to the taxation regimes. In fact CIT plays an important role to achieve a competitive position in the context of globalization.

The Portuguese tax system before the CIT reform was pointed out as less competitive when compared with other European countries such as Netherlands, mainly regarding the following topics:

- Fiscal treatment of dividends and capital gains and losses which don't classify Portugal as a business friendly jurisdictions;
- The not universal policy to avoid the double taxation of dividends;
- The higher context costs mainly the ones associated to the controlled transactions;
- The non-existence of a carry back possibility regarding the losses reporting;
- Lack of fiscal stability, as also as sustainable tax rates combined with higher levels of bureaucracy.
- Through a study made with Portuguese companies it was possible to conclude that taxation was identified as one of the major obstacles to the investment in our country. In 2012 and 2013 the tax charge as been considered the 3rd major obstacle, the fiscal instability as point out as the 2nd, the complexity of the fiscal system was classified as the 5th. Also the contextual costs and the stamp duty are point out as obstacles to the investment in Portugal[90].

Considering the differences among the Portuguese and Dutch tax systems and the high expression that the Netherlands has in the Portuguese outward FDI and the higher

[90] The aforementioned study was developed by Deloitte Portugal and analyse by the legislator when developing the report for the CIT reform

representativeness of the holding and financial companies in Netherlands the study have been developed considering a set of 7 Portuguese MNCs with presence in Netherlands through a subsidiary company acting as a holding/financial company.

The results obtained allow to conclude that the Portuguese MNCs under analysis have been using Netherlands as a platform to enhance their international investments. Is also possible to conclude that taxation is a driver for that investment occur in Netherlands once any operating activity has been performed and the companies are normally do not have the proper resources to the activities carried out or are instrumental. So, in this context is possible to conclude that taxation is a driver for the decision of investment in Netherlands and not a myth. The MNCs under analysis used Dutch companies as part of their international investment strategy benefiting from the favourable tax regime. Notwithstanding is important to mention that the tax planning is legal and is used by managers to obtain higher levels of profitability like any other business variables.

Finally it is important to highlight that the study have been performed under some limitations that could in somehow conditioned the results obtained. The aforementioned limitations respect to the availability of financial data in Orbis, which had influenced the identification of the companies used for the study; the fact that all companies under analysis have the same NACE which could have influenced the results obtained as also as the reduced sample used that doesn't allow the conclusions extrapolation.

Bearing this in mind in the following section is presented some ideas of possible future researches which may complete or consolidate the present thesis.

8.2 Future researches

This thesis was based in 7 Portuguese MNCs and ideally a large set of MNCs should be considered in order to ensure the reliability of the data. On the other hand the study should be complement by MNCs with other NACEs to validate whether the conclusions obtained were similar or not.

In other perspective, the study has been focused on the taxation as a driver for the FDI which underlines the uses of these companies as instruments in international tax planning structures. Considering the exhaustive economic and financial analysis of these companies could be additionally interesting perform an analysis of possible abusive tax planning structures used by these MNCs. However this theme was not considered in these thesis.

Taking into account that the investments under analysis are made through the use of platforms in order to take advantage of special taxation regimes, translated in fiscal savings could also be interesting to study the role that Zona Franca da Madeira could have on the international structures of the Portuguese MNCs and what could be the potential savings associated to this location.

Finally, it may be advantageous to develop the present study for a more recent period (2014-2017) in order to understand the possible impact that the reform of the CIT in Portugal and the BEPS project in the G20 can offer to FDI. It would also be interesting to assess whether such changes could be the reason for the disinvestment of Portuguese MNCs in the Netherlands

As per the above, is important to mention that in 2014 there was a reform in the CIT Code in Portugal with the aim of simplify the income tax as also as promote the internationalization and competitiveness of the Portuguese companies.

On the other hand, one of the key messages of the BEPS project is that a market remuneration should be assigned to an SPE. Consequently, the transactions recorded and the remuneration obtained by the SPE should be assessed in the light of the transfer pricing rules, taking into account the functions performed and the risks assumed by the SPE.

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10 Appendixes

Appendix 1 – Countries listed on various tax havens list

Caribbean/West Indies	Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados,[a,e] British Virgin Islands, Cayman Islands, Dominica, Grenada, Montserrat,[a] Netherlands Antilles, St. Kitts and Nevis, St. Lucia, St. Vincent and Grenadines, Turks and Caicos, U.S. Virgin Islands[a,e]
Central America	Belize, Costa Rica,[b,c] Panama
Coast of East Asia	Hong Kong,[b,e] Macau,[a,b,e] Singapore[b]
Europe/Mediterranean	Andorra,[a] Channel Islands (Guernsey and Jersey),[e] Cyprus,[e] Gibralter, Isle of Man,[e] Ireland,[a,b,e] Liechtenstein, Luxembourg,[a,b,e] Malta,[e] Monaco,[a] San Marino,[a,e] Switzerland[a,b]
Indian Ocean	Maldives,[a,d] Mauritius,[a,c,e] Seychelles[a,e]
Middle East	Bahrain, Jordan,[a,b] Lebanon[a,b]
North Atlantic	Bermuda[e]
Pacific, South Pacific	Cook Islands, Marshall Islands,[a] Samoa, Nauru,[c] Niue,[a,c] Tonga,[a,c,d] Vanuatu
West Africa	Liberia

Source: Tax Havens: International Tax Avoidance and Evasion – Jane Gravelle, 2015

Appendix 2 – Privileged tax systems

Features	State
The income and capital gains are not taxed. They are known as "zero havens" or "pure havens".	The islands of Bermuda, Bahamas, Bahrain, Nauru, Cayman, Turks, Caicos, Saint-Vincent, The Republic of Vanuatu and Monaco.
The tax rates have a low value as they are approved by the state or as a result of the application of the quota reductions, due to the implementation of tax agreements between different states concerning double taxation.	The British Virgin Islands, Liechtenstein, Switzerland, Netherlands Antilles, Man Islands, Guernesey and Jersey Islands, The Republic of Ireland.
The taxation of income or benefits is determined locally vase. The taxpayers from these states are exempt from taxation of profits made by trading across borders.	Liberia, Costa Rica, The Philippines, Venezuela, Malaysia, Panama.
Countries with preferential treatment for offshore and holding companies.	Hungary, Austria, Netherlands, Luxemburg, Thailand, Singapore.
Offers tax exemptions for industries that have been made for the development of exports.	Ireland for the companies created before 1 January 1981, Madeira.
Provides financial benefits for international business companies, that are focused on investment or not, but instead are classified as offshore finance companies with certain privileges.	The islands of Bahamas, Antigua, Mermude, The British Virgin Islands, Montserrat and Nevis Islands in the Caraibbean.
Provides specific tax advantages to other banking companies or other financial institutions with offshore activities.	Antigua, Island-British territory in the Caraibbean, Anguilla, Grenada, Barbados Islands and Jamaica.

Source: Features and Advantages of using Tax Havens – Sorina Botis, 2014

Appendix 3 – Investment of Portuguese companies in Netherlands

Company name	Trade description (English)	Number of employees 2014	Number of employees 2013	Number of employees 2012	At least 2 years of available data	Operating P/L [=EBIT] th EUR 2014	Operating P/L [=EBIT] th EUR 2013	Operating P/L [=EBIT] th EUR 2012	At least 2 years of available data	Financial P/L th EUR 2014	Financial P/L th EUR 2013	Financial P/L th EUR 2012	At least 2 years of available data	Total assets th EUR 2014	Total assets th EUR 2013	Total assets th EUR 2012	At least 2 years of available data	Final sample?
A.S. Holding B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Achmea BV	INSURANCE	n.a.	18.000	21.035		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	12.082.000	12.456.000	11.705.000		No
Aimstra Netherlands Holding B.V.	Engaged in the management activities of holding companies	1	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	2.989	n.a.	n.a.	*	No
Algarve International B.V.	Engaged in the management activities of a holding company	n.a.	2.080	n.a.	*	0	0	0		537	553	564		205.558	217.231	223.703		No
Algarve International B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Amorim Benelux B.V.	Engaged in the production of wood products	12	14	20		n.a.	n.a.	-582	*	n.a.	n.a.	-285	*	2.572	4.124	4.131		No
Amorim Benelux BV - ACC		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Amorim Benelux BV - AR		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Amorim Energia B.V.	Holds various firms involved in the provision of financial products and services	n.a.	n.a.	n.a.	*	5.587	-2.275	-1.767		-124.514	14.835	92.822		3.437.903	3.615.401	3.465.340		No
Amorim Financial Sector B.V.	Operates as a financial holding company with interests in various business sectors in the Netherlands	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	62.124	69.169	66.802		No
Amorim International Participations B.V.	Engaged in nondepository credit intermediation	4	4	4		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	30.861	31.072	29.657		No
AMS Sourcing B.V.		38	39	39		554	916	-4.310		121	151	5.216		4.986	5.513	5.702		Yes
Angola Real Estate Investments B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	10.726	9.684	10.704		No
Aquiraz International Development		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Araras Finance B.V.		1	1	n.a.		-97	-95	-72		151	55	30		20.665	16.626	10.478		Yes
Arbiworld B.V.		1	1	1		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	2.428	2.430	2.427		No
Ascendi International Holding B.V.	Holds various firms involved in the provision of financial products and services	n.a.	2	2		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	86.563	123.130	103.386		No

Company name	Trade description (English)	Number of employees 2014	Number of employees 2013	Number of employees 2012	At least 2 years of available data	Operating P/L [=EBIT] th EUR 2014	Operating P/L [=EBIT] th EUR 2013	Operating P/L [=EBIT] th EUR 2012	At least 2 years of available data	Financial P/L th EUR 2014	Financial P/L th EUR 2013	Financial P/L th EUR 2012	At least 2 years of available data	Total assets th EUR 2014	Total assets th EUR 2013	Total assets th EUR 2012	At least 2 years of available data	Final sample?
ASM Metal B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	11.470	11.181	n.a.		No
BA Glass B.V.	Engaged in the activities of holding companies	2.194	2.230	2.062		126.163	115.957	109.192		-12.060	-21.097	-15.053		715.662	730.195	680.702		Yes
BCP International B.V.	Engaged in acquisition, management and disposal of real estate properties	n.a.	n.a.	n.a.	*	-70	-40	n.a.		0	0	n.a.		1.019.827	1.019.831	3		No
BCP Investment B.V.	Financial holding company whose group is engaged in the provision of financial, business support and management services principally in the Netherlands	n.a.	n.a.	n.a.	*	-105	22.088	-261.609		183.070	148.221	460		1.110.166	1.373.790	730.577		No
Beleggingsmaatschappij Tand B.V.	Holding company primarily engaged in the management and administration of its subsidiaries and affiliates	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	1.151.484	1.151.599	1.105.653		No
Blanchelle Investments Limited		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Bratel B.V.	Engaged in the management activities of a holding company	4	4	4		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	237.694	3.550.473	3.537.995		No
Brisa International B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	1.435	1.463	1.380		No
Brisa International Investments B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	1.288	1.373	1.302		No
Camargo Correa Escom Cement B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Capital Hotels B.V.	Engaged in the construction of real estate properties, and the provision of general construction services	3	3	3		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	95.375	95.787	95.509		No
Cavalum Energies B.V.		4	4	4		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	17	52	311		No
Ceres Agriculture Holdings Cooperatief U.A.	Holding company engaged in the provision of financial and management services to its subsidiaries	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Cimentus B.V.	Engaged in the management activities of holding companies	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	194.405	199.320	243.874		No
Cimpor Financial Operations B.V.	Engaged in the provision of management and financial services to its subsidiary companies	6	2	1		-442	-338	-504		-598	1.403	694		1.568.786	719.459	735.874		Yes
CIN International B.V.	Engaged in the provision of management services and the administration of enterprise with interests in credit granting	n.a.	6	6		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	49.829	105.849	99.495		No
Citrina Sales B.V.		4	5	7		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	516	1.213	798		No
Citrusplants B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	29	17	17		No

Company name	Trade description (English)	Number of employees 2014	Number of employees 2013	Number of employees 2012	At least 2 years of available data	Operating P/L [=EBIT] th EUR 2014	Operating P/L [=EBIT] th EUR 2013	Operating P/L [=EBIT] th EUR 2012	At least 2 years of available data	Financial P/L th EUR 2014	Financial P/L th EUR 2013	Financial P/L th EUR 2012	At least 2 years of available data	Total assets th EUR 2014	Total assets th EUR 2013	Total assets th EUR 2012	At least 2 years of available data	Final sample?
CME Holanda B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	1.643	660	187		No
CMM Investments B.V.		4	4	4		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	2.028	1.530	1.517		No
Colombo Towers Holding B.V.		n.a.	n.a.	4	*	n.a.	n.a.	-34	*	n.a.	n.a.	-2.976	*	9.566	6.785	8.594		No
Concretus B.V.	A holding company that is engaged in the acquisition and management of subsidiaries involved in a wide range of industries	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	83.677	89.806	134.974		No
Cordex Nederland B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	87	210	138		No
Den Haag Investments B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	145	60	n.a.		No
Dos Mares - Shopping Centre B.V.		n.a.	n.a.	4	*	n.a.	n.a.	-27	*	n.a.	n.a.	-1	*	8.108	8.088	8.087		No
Dreamia Holding B.V.	A holding firm engaged in the provision of management services	5	5	5		2.340	-302	4.484.272		-500	-456	-420.492		20.198	21.112	18.355.503		Yes
Easysoft International Holding Amsterdam B.V.	Operates as a holding company whose subsidiaries are engaged in the design and development of Internet enabled e-commerce solutions	n.a.	n.a.	n.a.	*	-891	1.060	64		1.163	-352	-99		35.498	31.551	25.874		No
EDP Finance B.V.	A holding company, which is primarily engaged in the management and administration of its subsidiaries and affiliates	1	1	n.a.		-1.831	-1.478	528		21.523	-11.262	13.860		16.647.911	16.058.074	16.031.753		Yes
EDPR International Investments B.V.	Engaged in the management activities of holding companies	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	14.706	12.232	14.162		No
EEE Lighting NL B.V.		3	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Elstane Holding B.V.		4	n.a.	5		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	9.771	9.525	9.242		No
ES Concessions International Holding B.V.	Operates as a holding firm for a group of subsidiaries engaged in various business activities	n.a.	2	2		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	54.140	60.615	60.602		No
Escom Opca Africa Contractors B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
ESConcessions Latam Holding B.V.	Operates as a holding firm for a group of subsidiaries engaged in various business activities	n.a.	2	2		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	114.512	116.346	31.446		No
ESConcessions Spain Holding B.V.	Investment holding company [source: Bureau van Dijk]	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	37.214	n.a.	n.a.	*	No
Esconcessoes Latam Holding B.V		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No

Company name	Trade description (English)	Number of employees 2014	Number of employees 2013	Number of employees 2012	At least 2 years of available data	Operating P/L [=EBIT] th EUR 2014	Operating P/L [=EBIT] th EUR 2013	Operating P/L [=EBIT] th EUR 2012	At least 2 years of available data	Financial P/L th EUR 2014	Financial P/L th EUR 2013	Financial P/L th EUR 2012	At least 2 years of available data	Total assets th EUR 2014	Total assets th EUR 2013	Total assets th EUR 2012	At least 2 years of available data	Final sample?
Esif I B.V.	Operates as a holding company	n.a.	n.a.	1	*	-97	n.a.	n.a.	*	-197	n.a.	n.a.	*	49.021	38.439	38.818		No
Espera Investments B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	5.816	5.814	5.815		No
Eurofoot B.V.	Football players management services [source: Bureau van Dijk]	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	305	147	235		No
European Concession Investments B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	13.679	14.139	14.444		No
European Power Investements, BV		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
FAT Ferro Alloys Trading B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	4.232	*	No
Finantia Holdings B.V.	Operates as a holding firm that provides management services	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	58.576	58.577	58.572		No
Finlandimmo Holding B.V.	Cement manufacturer holding company [source: Bureau van Dijk]	1	1	1		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	2.234	2.444	2.719		No
Fiveports B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Fiveports B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Fiveports B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Flama B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Galp Energia E&P B.V.	Engaged in the wholesale of grain, seeds and animal feeds	1	1	13		-10.740	-775	-5.964		-103.701	4.037	9.627		2.469.643	2.610.176	2.285.491		Yes
Galp Energia Overseas B.V.	Engaged in the provision of support activities on a contract or fee basis for oil and gas operations	6	6	n.a.		9.710	72.905	110.480		-7.433	-2.302	-1.349		642.026	648.702	590.415		Yes
Galp Energia Portugal Holdings B.V.	Provides management oversight and project financing services to oil and natural gas exploration and production projects	1	1	7		-116	-2.833	-10.930		222.243	83.348	3.398		929.119	638.251	1.570.608		Yes
Gehold B.V.		2	2	2		n.a.	n.a.	-253	*	n.a.	n.a.	-66	*	3.627	3.526	3.709		No
Gehold B.V.		n.a.	4	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	953	1.535	n.a.		No
HeatTeQ Refractories Holding B.V.		n.a.	3	3		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	960	859		No

Company name	Trade description (English)	Number of employees 2014	Number of employees 2013	Number of employees 2012	At least 2 years of available data	Operating P/L [=EBIT] th EUR 2014	Operating P/L [=EBIT] th EUR 2013	Operating P/L [=EBIT] th EUR 2012	At least 2 years of available data	Financial P/L th EUR 2014	Financial P/L th EUR 2013	Financial P/L th EUR 2012	At least 2 years of available data	Total assets th EUR 2014	Total assets th EUR 2013	Total assets th EUR 2012	At least 2 years of available data	Final sample?
Hofinac B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Holding ExpressGlass B.V.	Operates as a holding firm that provides management services	4	4	4		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	14.417	13.602	11.633		No
HSF Prime Netherlands B.V.	Nonclassifiable establisment [source: Bureau van Dijk]	3	3	3		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	15.573	15.595	18.383		No
IJmuiden Stores Holland B.V.		n.a.	17	17		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Imex Inks B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
InovaPrime Netherlands B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	382	698	411		No
INVESPOR Holding B.V.	Operates primarily as a holding company	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	81.317	84.503	71.044		No
Investmark Holdings B.V.	Holds various firms involved in the provision of financial products and services	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	45.653	46.011	45.108		No
Invesvia B.V.		2	2	2		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	8.410	7.950	7.951		No
Itacare, BV		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
JAP International B.V.	Engaged in the management activities of holding companies	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	496	n.a.	n.a.	*	No
JMA Deutschland Jose Machado de Almeida GmbH		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	2.170	2.195	2.125		No
JMA Holding B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	873	5	n.a.		No
Joalpe International B.V.		8	7	8		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	1.764	774	1.143		No
Lancaeron B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	1.491	n.a.	n.a.	*	No
Land Retail B.V.	Engaged in the real estate development and management	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	31.185	32.314	n.a.		No
Lifeguard Finance B.V.	Holding firm which holds securities of other companies	n.a.	n.a.	n.a.	*	-328	-249	-1.102		591	794	1.481		103.962	126.332	129.410		No
Ligardis Holding B.V.	Operates primarily as a holding company	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	15.051	21.117	18.723		No

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Logiqueen B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Lusorest B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Luz del Tajo B.V.		n.a.	n.a.	4	*	n.a.	n.a.	-21	*	n.a.	n.a.	940	*	15.012	15.007	15.001		No
LYNX Transports and Logistics International B.V.	Operates as a holding firm engaged in providing management services with interests in specific business sectors	8	8	3		177	n.a.	n.a.	*	605	n.a.	n.a.	*	25.140	21.790	22.057		No
Martifer Renewables Italy B.V.		n.a.	n.a.	3	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	8.752	10.575	8.188		No
Martifer Solar Investment B.V.		n.a.	1	1		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	12.239	16.969		No
Martifer Solar Investments B.V		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Martifer Solar NV		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Mecwide B.V.		n.a.	1	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	15	11	n.a.		No
Megantic B.V.	Holding business that is engaged in the acquisition and management of companies involved in a wide range of industries	3	3	n.a.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	138	90.449	106.259		No
Mobilera Holding B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Mota-Engil Africa BV		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Mota-Engil Africa N.V.	The Company is a Group of provider of integrated engineering and construction services in Netherlands.	11.590	14.253	9.611		196.166	195.850	121.399		-94.548	-60.891	-30.475		1.694.721	1.641.065	1.393.376		Yes
Mota-Engil Finance B.V.		3	4	4		n.a.	n.a.	-9	*	n.a.	n.a.	0	*	10	18	18		No
Mota-Engil Latin America B.V.	A holding enterprise that is engaged in the management activities of holding companies	n.a.	2	2		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	54.128	21.403	21.368		No
Mota-Engil Minerals & Mining Investments B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	1.764	1.760	1.756		No
Movenience B.V.		6	6	6		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	5.062	6.350	6.412		No
MSF Recoletos 3 BV		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No

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NBase International Investments B.V.	Software consultancy holding company ; Hardware and software installation holding company [source: Bureau van Dijk]	2	2	2		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	11.680	9.194	8.616		No
Nett Netherland, BV		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
New Mobility Ventures B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	2.358	n.a.	n.a.	*	No
New World Investments B.V.	Engaged in the management activities of holding companies	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	45.049	47.375	15.984		No
Noesis (Netherlands) Consulting B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Nonius Hospitality Technology (Europe) B.V.		4	4	2		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	283	129	128		No
Nors International B.V.	Engaged in the international wholesale trade, representation and execution of technical assistance with regards to motorized vehicles, machineries, engines, parts, spare parts and all related products	4	4	4		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	91.810	126.178	119.550		No
Norte Shopping Retail & Leisure Centre B.V.	Engaged in the development, sale and leasing of real estate	n.a.	n.a.	n.a.	*	22.230	23.121	23.220		-6.112	-7.319	-2.640		406.006	360.000	361.284		No
Novabrazil Investments Holding B.V.		1	1	1		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	1	10	17		No
Numerical Raca Holding B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Numerical RACA Holding B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	34	188	6		No
NUTRE Farming B.V.	Engaged in the provision of management services to its holding businesses in the Netherlands	n.a.	n.a.	3	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	61.710	61.723	72.837		No
OA International Antilles NV		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
OC International Investments B.V.		n.a.	2	2		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	33	33		No
Oil Investments B.V.	Engaged in the management activities of a holding company	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
OMNI Netherlands B.V.	Engaged in the management operation of a holding firm	4	4	n.a.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	29.356	21.970	25.190		No
Orcinus Holding B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	2.101	1.824	274		No
Orey Control B.V.	Holding company primarily engaged in the management and administration of its subsidiaries and affiliates	2	1	n.a.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	23.186	22.917	21		No

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Orey Investments Holding B.V.	Holding company primarily engaged in the management and administration of its subsidiaries and affiliates	3	2	2		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	31.764	39.881	41.346		No
Orey Management B.V.		1	1	1		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	8.096	8.716	8.989		No
ORIGINS - Agro Business Investments B.V.		2	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	114	n.a.	n.a.	*	No
Otani Shipping Inc		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Outsystems Benelux B.V.		4	4	3		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	3.894	2.653	1.814		No
P.D. & I. - Power Development and Investment B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	1	n.a.	n.a.	*	No
Pantheon Plaza B.V.	Engaged in residential building construction	n.a.	4	4		n.a.	-47	-25		n.a.	62	16		15.155	5.056	66.164		Yes
Pareuro B.V.	Engaged in the management activities of holding firms	3	3	3		-109	-64	-67		16.851	17.762	-53.125		857.384	828.313	828.313		Yes
Partex Holding B.V.	A holding firm that provides a comprehensive management holding services to its operating companies and enterprises engaged in the provision of management and investment consultancy services	n.a.	n.a.	n.a.	*	-208	n.a.	n.a.	*	0	n.a.	n.a.	*	997.769	n.a.	n.a.	*	No
Pestana Holland Holding B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Pestana Holland Holding B.V.	Hotel operator holding company [source: Bureau van Dijk]	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Plaza Mayor Parque de Ocio B.V.	Engaged in the development and selling of real estate	n.a.	4	4		n.a.	-36	-23		n.a.	-10.802	-13.480		20.253	19.371	7.125		Yes
Plaza Mayor Shopping B.V.	Engaged in the development of building projects	n.a.	n.a.	4	*	n.a.	n.a.	-27	*	n.a.	n.a.	-595	*	25.967	22.964	25.982		No
Plump Fruits B.V.		4	3	2		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	732	729	1.247		No
Power, Oil & Gas Investments B.V.	Engaged in the management activities of holding firms	n.a.	n.a.	n.a.	*	-49	-98	-76		-39.530	2.570	29.524		673.036	727.535	751.423		No
Prio Agriculture B.V.		n.a.	n.a.	3	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	1	39	22		No
PROEF Towering B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
PROENGINEERING Holding B.V.		n.a.	4	4		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	9.253	2.025	248		No

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Project Sierra 10 B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	11.075	3.528	275		No
Project Sierra 11 B.V.		n.a.	n.a.	2	*	n.a.	n.a.	-12	*	n.a.	n.a.	0	*	n.a.	n.a.	n.a.	*	No
Project Sierra 12 B.V.		n.a.	n.a.	2	*	n.a.	n.a.	-9	*	n.a.	n.a.	0	*	n.a.	n.a.	n.a.	*	No
Project Sierra 2 B.V.	Engaged in the management and development of real estate properties	n.a.	4	4		n.a.	-28	-29		n.a.	9.759	643		28.510	25.515	15.992		Yes
Project Sierra 8 B.V.	Engaged in performing real estate activities	4	4	4		-47	-47	-68		10.499	501	-8.394		98.166	88.166	90.174		Yes
Project Sierra Cucuta B.V.	Engaged in the management of real estate properties	n.a.	n.a.	4	*	n.a.	n.a.	-90	*	n.a.	n.a.	4.075	*	50	80	49		No
Project Sierra Spain 1 B.V.		n.a.	n.a.	4	*	n.a.	n.a.	-24	*	n.a.	n.a.	-492	*	59	54	463		No
PV Netherlands B.V.		1	3	n.a.		n.a.	-31	n.a.	*	n.a.	0	n.a.	*	661	3	n.a.		No
Q-Shipping B.V.		20	11	23		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	557	976	1.735		No
REN Finance B.V.	Engaged in the provision of financial and management services to its subsidiary companies	1	1	n.a.		519	-233	n.a.		2.920	381	n.a.		639.034	551.765	n.a.		Yes
River Plaza B.V.	Engaged in the real estate business; Operates as a real estate agent and manager	n.a.	4	4		n.a.	-26	-22		n.a.	-224	-1.640		4.613	3.448	2.451		Yes
Royal Lannkhorst Euronete Group, B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Ruas Holding B.V.	Holding business that is engaged in the acquisition and management of shares in other companies involved in a wide range of industries	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	116.496	2.828	45.773		No
SC Aegean B.V.	Engaged in the real estate business; Operates as a real estate agent and manager	n.a.	n.a.	4	*	n.a.	n.a.	-17	*	n.a.	n.a.	0	*	39.990	40.007	39.605		No
SC Finance B.V.	A holding firm that provides a comprehensive management holding services to its operating companies and enterprises engaged in the provision of management and investment consultancy services	2	2	2		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	347.832	281	292		No
SECIMENT Investments B.V.	Holding company for a group engaged in the production and distribution of cement products	1	1	1		-84	-46	-71		975	-15	3.278		29.730	29.705	30.125		Yes
SEINPAR Investments B.V.	Engaged in the provision of management services to its holding companies	1	1	1		-79	-30	-28		67.641	67.639	53.387		572.581	572.585	572.563		Yes
Semisul Nederland B.V.		n.a.	1	2		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	1.133	1.165		No

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Shopping Centre Colombo Holding B.V.	Engaged in the management activities of holding companies	n.a.	n.a.	n.a.	*	140.053	17.060	n.a.		-10.585	-15.584	n.a.		832.061	710.461	n.a.		No
Shopping Centre Parque Principado B.V.	Engaged in the development and selling of real estate	n.a.	n.a.	4	*	n.a.	n.a.	-27	*	n.a.	n.a.	86	*	27.729	62.733	68.649		No
Sierra Berlin Holding B.V.	Holding company primarily engaged in the management and administration of its subsidiaries and affiliates	n.a.	n.a.	4	*	n.a.	n.a.	-33	*	n.a.	n.a.	-1	*	48.056	32.709	18.811		No
Sierra Brazil 1 B.V.	Engaged in the activities of a real estate agent and manager	4	4	4		-49	-31	-25		93.508	6.855	6.395		339.763	253.899	253.917		Yes
Sierra Core Assets Holdings B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Sierra Developments Holding B.V.	Engaged in the activities of a real estate agent and manager	6	2	4		-723	-124	-147		2.228	-1.586	258		215.176	196.527	198.997		Yes
Sierra European Retail Real Estate Assets Holdings B.V.	Operates as a property investment company	n.a.	n.a.	n.a.	*	n.a.	-462	-604		n.a.	745	4.226		538.257	574.886	616.359		No
Sierra Investments (Holland) 1 B.V.		n.a.	n.a.	4	*	n.a.	n.a.	-22	*	n.a.	n.a.	0	*	34	35	35		No
Sierra Investments (Holland) 2 B.V.		n.a.	n.a.	4	*	n.a.	n.a.	-21	*	n.a.	n.a.	0	*	23	18	21		No
Sierra Investments Holdings B.V.	Holding company primarily engaged in the management and administration of its subsidiaries and affiliates	4	n.a.	n.a.	*	-80	-112	-147		559	960	-55.914		930.847	876.797	939.840		No
Sierra Project Nurnberg B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	9.746	371	n.a.		No
Sierra Real Estate Greece B.V.	Engaged in new single-family housing construction	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	20.233	20.606	n.a.		No
Sierra Zenata Project B.V.		n.a.	n.a.	4	*	n.a.	n.a.	-25	*	n.a.	n.a.	-4	*	2.024	7	5.030		No
Sigma Capital B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Sociedade Francisco Manuel Dos Santos B.V.	Operates as a holding firm engaged in providing management services with interests in specific business sectors	2	9	8		-1.674	-1.189	-1.761		169.095	214.799	202.352		897.754	946.088	850.282		Yes
Sodecia Asia Pacifico Investments B.V.		1	1	1		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	13.048	11.254	12.167		No
Sodecia North America Investments B.V.		2	2	2		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	3.625	646	632		No
Soflorin B.V.	Engaged in the provision of depository credit intermediation services in the Netherlands	2	2	n.a.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	595.468	671.610	691.922		No

Company name	Trade description (English)	Number of employees 2014	Number of employees 2013	Number of employees 2012	At least 2 years of available data	Operating P/L [=EBIT] th EUR 2014	Operating P/L [=EBIT] th EUR 2013	Operating P/L [=EBIT] th EUR 2012	At least 2 years of available data	Financial P/L th EUR 2014	Financial P/L th EUR 2013	Financial P/L th EUR 2012	At least 2 years of available data	Total assets th EUR 2014	Total assets th EUR 2013	Total assets th EUR 2012	At least 2 years of available data	Final sample?
Sonae Arauco Netherlands B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Sonae Investments B.V.	Engaged in financial investment activities	2	2	2		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	1.112.830	1.020.130	1.030.746		No
Sonae Sierra Brazil B.V.	Shopping mall property management services [source: Bureau van Dijk]	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Songvice B.V.	Online coding education platform operator [source: Bureau van Dijk]	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Sontel B.V.	Engaged in the wholesale of computers, computer peripheral equipment and software	4	4	3		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	1.181.767	918.430	908.778		No
Sonvecap B.V.	Engaged as a mortgage banker and broker in the Netherlands	2	2	2		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	3.546	30.850	34.839		No
Soporcel International B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Stal Vreedenburgh B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Sweet Fruits Holland B.V.		n.a.	1	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	112	12	n.a.		No
TAGUS - Retail & Services Investments B.V.	Engaged in the management activities of a holding company	2	1	n.a.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	679.864	694.870	673.656		No
Teliz Holding B.V.	Cable television operator [source: Bureau van Dijk]	n.a.	n.a.	4	*	n.a.	n.a.	-42	*	n.a.	n.a.	-7	*	60	27	40		No
Tlantic B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Tlantic B.V.	Engaged in the provision of management oversight and financing services to its subsidiaries which are engaged in financial Investment, financial asset management and securities brokerage and dealing	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	1.128	1.129	n.a.		No
Tontio Holding B.V.	Engaged in the provision of depository credit intermediation services	4	5	5		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	9.102	73.103	70.883		No
Transwhite B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
UTS		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
VdG Holding B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Virgin Flower Holland B.V.		n.a.	1	1		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	109	133	98		No

Company name	Trade description (English)	Number of employees 2014	Number of employees 2013	Number of employees 2012	At least 2 years of available data	Operating P/L [=EBIT] th EUR 2014	Operating P/L [=EBIT] th EUR 2013	Operating P/L [=EBIT] th EUR 2012	At least 2 years of available data	Financial P/L th EUR 2014	Financial P/L th EUR 2013	Financial P/L th EUR 2012	At least 2 years of available data	Total assets th EUR 2014	Total assets th EUR 2013	Total assets th EUR 2012	At least 2 years of available data	Final sample?
Vision-Box Netherlands B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Vramondi International B.V.	Holding company primarily engaged in the management and administration of its subsidiaries and affiliates	n.a.	n.a.	1	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	19.748	26.782	75.343		No
WARTA - Retail & Services Investments B.V.	Engaged in the provision of management and financial services to its subsidiary companies	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	465.645	469.156	423.707		No
Waveworks Maritime Inc		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Wazado Mobile Applications B.V.		n.a.	n.a.	n.a.	*	n.a.	39	n.a.	*	n.a.	-6	n.a.	*	106	341	154		No
WeDo Technologies B.V.		8	5	3		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	3.798	2.950	3.084		No
Weiterstadt Shopping B.V.	Engaged in the development of building projects	n.a.	n.a.	4	*	n.a.	n.a.	-26	*	n.a.	n.a.	-588	*	35.203	35.190	31.220		No
WF Energy B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	2.115	2.057	n.a.		No
Worldwide Renewables B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	1	*	No
Wotra Holland B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	259	n.a.	522		No
Xyntra Chemicals B.V.		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	No
Xyntra Investments B.V.		n.a.	1	1		n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	290	287	216		No

Appendix 4 – SFMS BV Financial statements

Company Income Statement

(All amounts in EUR thousands unless otherwise stated).

	Note	Year ended 31 December 2013	2012
Continuing operations			
Revenue		–	–
Cost of sales		–	–
Gross profit		–	–
Administrative expenses		(1,189)	(1,761)
FX losses/gains		17	7
Operating profit		(1,172)	(1,754)
Net profit share subsidiary	4	214,877	202,590
Finance income - interest	6	1,320	412
Other losses/gains on investments – net	5	2,172	60
Finance costs – interest	9	(1,415)	(657)
Finance income and costs		216,954	202,405
Profit before income tax		215,782	200,651
Income tax expense	11	–	–
Profit/(loss) for the year from continuing operations		215,782	200,651
Discontinued operations			
Profit for the year from discontinued operations (attributable to equity holders of company)		–	–
Profit/(loss) for the year		215,782	200,651

The notes on pages 7 to 15 are an integral part of these financial statements.

Company Balance Sheet (before appropriation of result)

(All amounts in EUR thousands unless otherwise stated)

	Note	As at 31 December 2013	As at 31 December 2012	As at January 1 2012
Assets				
Non-current assets				
Financial Fixed assets	4	781,987	685,792	634,827
		781,987	685,792	634,827
Current assets				
Investment portfolios	5	67,232	25,060	–
Cash and cash equivalents (excluding bank overdrafts)	6	96,869	129,627	2
Other receivable	7	-	9,803	–
		164,101	164,490	2
Total assets		946,088	850,282	634,829
Shareholder's equity and liabilities				
Shareholder's equity				
Ordinary shares	8	4,719,167	4,719,167	19
Share premium	8	9	9	9
Legal reserve (Revaluation Reserve)	8	15,484	29,954	–
Other reserves	8	(4,154,324)	(4,154,324)	(3,833,507)
Retained earnings	8	95,465	(186)	(26)
Profit (loss) for the year	8	215,782	200,651	(160)
Total shareholder's equity		891,583	795,271	(3,833,665)
Liabilities				
Non-Current liabilities				
Financial Fixed liabilities	9	-	53,684	–
		-	53,684	–
Current liabilities				
Financial Fixed liabilities	9	53,887	-	–
Trade and other payables	10	618	1,327	4,468,494
Current income tax liabilities	11	–	–	–
		54,505	1,327	4,468,494
Total liabilities		54,505	55,011	4,468,494
Total shareholder's equity and liabilities		946,088	850,282	634,829

The notes on pages 7 to 15 are an integral part of these financial statements.

Company Income Statement

(All amounts in EUR unless otherwise stated).

		Year ended December 31	
	Note	2015	2014
Continuing operations			
Revenue		–	–
Cost of sales		–	–
Gross profit		–	–
Administrative expenses	12	(2,851,357)	(1,674,532)
FX (losses)/gains		(6,737)	(726)
Operating profit		(2,858,094)	(1,675,258)
Net profit share subsidiary	4	187,381,054	169,600,366
Finance income - interest	7	160,890	288,491
Other net (losses)/gains on investments	6	1,595,978	5,546,862
Finance costs – interest	10	-	(792,735)
Finance income and costs		189,137,922	174,642,984
Profit before income tax		**186,279,828**	**172,967,726**
Income tax expense	13	265,694	(536,160)
Profit/(loss) for the year from continuing operations		**186,545,522**	**172,431,566**

The notes on pages 9 to 22 are an integral part of these financial statements.

Company Balance Sheet (before appropriation of result)

(All amounts in EUR unless otherwise stated)

	Note	As at December 31	
		2015	2014
Assets			
Non-current assets			
Financial fixed assets	4	758,959,205	789,383,410
Software/ Hardware equipment	5	265,925	332,406
Deferred tax assets	13	1,315,887	-
		760,541,017	789,715,816
Current assets			
Investment portfolios	6	109,497,833	72,778,823
Cash and cash equivalents (excl. bank overdrafts)	7	96,260,808	35,248,156
Other receivables	8	84,512	11,091
		205,843,153	108,038,070
Total assets		**966,384,170**	**897,753,886**
Shareholder's equity and liabilities			
Shareholder's equity			
Ordinary shares	9	4,719,167,042	4,719,167,042
Share premium	9	8,880	8,880
Legal reserve (Revaluation Reserve)	9	(37,759,130)	(38,975,576)
Other reserves	9	(4,154,323,842)	(4,154,323,842)
Retained earnings	9	249,677,918	198,246,806
Profit (loss) for the year	9	186,545,522	172,431,566
Total shareholder's equity		963,316,390	896,554,876
Liabilities			
Non-Current liabilities			
Financial fixed liabilities		-	-
Deferred tax liabilities	13	1,586,353	
		1,586,353	-
Current liabilities			
Trade and other payables	11	1,481,427	662,850
Current income tax liabilities	13	-	536,160
		1,481,427	1,199,010
Total liabilities		3,067,780	1,199,010
Total shareholder's equity and liabilities		**966,384,170**	**897,753,886**

The notes on pages 9 to 22 are an integral part of these financial statements.

Appendix 5 – Seinpar Financial statements

SEINPAR Investments B.V., Amsterdam

Profit and loss account for the year ended on 31 December 2013

	Notes	2013	2012
(Expressed in euros)			
Other expenses			
General and administrative expenses	8	(33,486)	(29,449)
Total other expenses		-33,486	-29,449
Operating loss		-33,486	-29,449
Financing activities			
Interest on loans from group entities	9	-513	-731
Result financing activities		-513	-731
Other financial income			
Other interest income	10	5	3
Total other financial income		5	3
Result from ordinary activities before taxation		(33,994)	(30,177)
Corporate income tax	11	-	-
Dividends from group entities	12	67,643,244	53,389,846
Result after taxation		67,609,250	53,359,669

SEINPAR Investments B.V., Amsterdam

Balance sheet as at 31 December 2013
(Before the proposed appropriation of the result and expressed in euros)

	Notes	2013	2012
Fixed assets			
Financial fixed assets			
Interests in group entities	1	572,551,746	572,551,746
Total fixed assets		572,551,746	572,551,746
Current assets			
Debtors			
Prepayments and accrued income	2	5,542	5,542
Cash and cash equivalents	3	27,308	5,938
Total current assets		32,850	11,481
Current liabilities (due within one year)			
Amounts due to group entities	4	-	33
Loans from group entities	5	-	10,700
Accruals and deferred income	6	10,465	15,612
Total current liabilities		10,465	26,345
Current assets less current liabilities		22,386	(14,863)
Total assets less current liabilities		572,574,131	572,536,881
Net asset value		572,574,131	572,536,881
Capital and reserves	7		
Paid up and called up share capital		18,000	18,000
Share premium account		384,661,500	452,233,500
Other reserves		120,285,381	66,925,712
Unappropriated results		67,609,250	53,359,669
Total capital and reserves		572,574,131	572,536,881

SEINPAR Investments B.V., Amsterdam

Profit and loss account for the year ended on 31 December 2014

	Notes	2014	2013
(Expressed in euros)			
Operating expenses			
Operating expenses	6	(81,095)	(33,486)
Total operating expenses		(81,095)	(33,486)
Operating result		(81,095)	(33,486)
Financial income and expenses			
Dividend income from participations not valued at net asset value	7	67,643,244	67,643,244
Total interest income	8	4	5
Total interest expenses	9	-	(513)
Total financial income and expenses		67,643,248	67,642,736
Result before taxation		67,562,152	67,609,250
Corporate income tax	10	(5,542)	-
Net result after taxation		67,556,610	67,609,250

SEINPAR Investments B.V., Amsterdam

Balance sheet as at 31 December 2014 (before appropriation of result)
(Before the proposed appropriation of the result and expressed in euros)

	Notes	2014	2013
ASSETS			
Fixed assets			
Financial fixed assets	1	572,551,746	572,551,746
Total fixed assets		572,551,746	572,551,746
Current assets			
Prepayments and accrued income	2	-	5,542
Cash and cash equivalents	3	29,137	27,308
Total current assets		29,137	32,850
Total assets		572,580,883	572,584,596
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's equity	4		
Paid up and called up share capital		18,000	18,000
Share premium account		317,056,500	384,661,500
Other reserves		187,894,631	120,285,381
Unappropriated results		67,556,610	67,609,250
Total shareholder's equity		572,525,741	572,574,131
Current liabilities			
Accruals and deferred income	5	55,142	10,465
Total current liabilities		55,142	10,465
Total shareholder's equity and liabilities		572,580,883	572,584,596

Appendix 6 – Seciment Financial statements

SECIMENT Investments B.V., Amsterdam

Profit and loss account for the year ended 2013

	Notes	2013	2012
(Expressed in euros)			
Other expenses			
General and administrative expenses	7	(53,391)	(72,069)
Total other expenses		(53,391)	(72,069)
Operating loss		(53,391)	-72,069
Financing activities			
Interest on loans to group entities	8	-	717,877
Total financing activities		-	717,877
Other financial income and expenses			
Other interest income	9	51	750
Other interest charges	10	-	(1,327)
Currency exchange rate differences	11	(14,250)	(928)
Total other financial income and expenses		(14,199)	(1,505)
Result from ordinary activities before taxation		(67,590)	644,303
Corporate income tax	12	(102,874)	(860,621)
Dividends from group entities	13	1,028,744	2,644,795
Impairment group entities	14	(433,472)	(82,660)
Result after taxation		424,808	2,345,818

SECIMENT Investments B.V., Amsterdam

Balance sheet as at 31 December 2013
(Before the proposed appropriation of the result and expressed in euros)

	Notes	2013	2012
Fixed assets			
Financial fixed assets			
Interests in group entities	1	29,685,877	30,119,349
Total fixed assets		29,685,877	30,119,349
Current assets			
Debtors			
Amounts owed by group entities	2	500	500
Cash and cash equivalents	3	18,323	5,197
Total current assets		18,823	5,697
Current liabilities (due within one year)			
Taxation	4	491,758	545,853
Accruals and deferred income	5	17,629	16,337
Total current liabilities		509,387	562,190
Current assets less current liabilities		(490,564)	(556,493)
Total assets less current liabilities		29,195,313	29,562,856
Net asset value		29,195,313	29,562,856
Capital and reserves	6		
Paid up and called up share capital		18,000	18,000
Share premium account		17,302,513	18,094,864
Other reserves		11,449,992	9,104,174
Unappropriated results		424,808	2,345,818
Total capital and reserves		29,195,313	29,562,856

SECIMENT Investments B.V., Amsterdam, The Netherlands

Profit and loss account for the year 2015
(Expressed in euros)

	Notes	2015	2014
		EUR	EUR
Operating expenses			
General and administrative expenses	7	(44,599)	(84,190)
Total other expenses		(44,599)	(84,190)
Operating result		(44,599)	(84,190)
Financial income and expenses			
Dividend income from associates	8	7,170,735	984,838
Interest income	9	-	28
Interest expenses	10	(500)	(9,306)
Currency translation results	11	(7,942)	245
Total financial income and expenses		7,162,293	975,805
Result before taxation		7,117,694	891,615
Corporate income tax	12	(717,075)	(18,062)
Result of interests in subsidiaries and associates	13	(2,228,043)	(36,081)
Net result after taxation		4,172,576	837,472

SECIMENT Investments B.V., Amsterdam, The Netherlands

Balance sheet as at 31 December 2015
(Before the proposed appropriation of the result and expressed in euros)

	Notes	31 December 2015	31 December 2014
		EUR	EUR
Assets			
Fixed assets			
Financial fixed assets	1	27,566,787	29,649,796
Total fixed assets		27,566,787	29,649,796
Current assets			
Amounts owed by group entities	2	-	500
Cash and cash equivalents	3	65,502	37,879
Taxation	4	-	41,620
Total current assets		65,502	79,999
Total assets		27,632,289	29,729,795
Shareholder's equity and liabilities			
Shareholder's equity	5		
Issued share capital		18,000	18,000
Share premium		10,710,000	16,980,000
Other reserves		12,712,272	11,874,800
Unappropriated results		4,172,576	837,472
Total shareholder's equity		27,612,848	29,710,272
Current liabilities			
Accruals	6	19,441	19,523
Total current liabilities		19,441	19,523
Total shareholder's equity and liabilities		27,632,289	29,729,795

Appendix 7 – Pareuro Financial statements

PAREURO B.V.

3. PROFIT AND LOSS ACCOUNT FOR THE YEAR 2013

	Notes	2013 EUR	2013 EUR	2012 EUR	2012 EUR
Holding and Investments Activities					
Dividend Income	6.1	28,119,545		28,119,545	
Realized result on sale of investments	6.1	–		(54,136,846)	
Impairment of participating interest	6.1	–		(17,435,242)	
			28,119,545		(43,452,543)
Other Financial Income and Expenses					
Interest and similar income	6.2	1,002,359		480,911	
Interest and similar expenses	6.3	(11,359,948)		(10,153,456)	
			(10,357,589)		(9,672,545)
Other Expenses					
General and administrative expenses	6.4	(75,044)		(82,041)	
			(75,044)		(82,041)
Result Before Taxation			17,686,912		(53,207,129)
Corporate tax			–		–
RESULT FOR THE YEAR			17,686,912		(53,207,129)

PAREURO B.V.

2. BALANCE SHEET AS AT 31 DECEMBER 2013
(before proposed appropriation of the result for the year)

	Notes	2013 EUR	2013 EUR	2012 EUR	2012 EUR
ASSETS					
Fixed assets					
Financial fixed assets	5.1		828,302,185		828,302,185
Current assets	5.2				
Receivables and accrued income		45		577	
Cash and cash equivalents		10,942		9,762	
			10,987		10,339
			828,313,172		828,312,524
SHAREHOLDER'S EQUITY AND LIABILITIES					
Shareholder's equity	5.3				
Paid up share capital		5,583,100		5,583,100	
Share premium reserve		710,416,900		710,416,900	
Other reserves		(121,005,639)		(67,798,510)	
Result for the year		17,686,912		(53,207,129)	
			612,681,273		594,994,361
Long-term liabilities	5.4				
Loans from related parties		208,764,424		225,340,261	
			208,764,424		225,340,261
Short-term liabilities	5.5				
Bank loans and overdrafts		1,803,440		5,765,340	
Interest payable to related parties		5,008,145		2,175,174	
Other payables and accrued expenses		55,890		37,388	
			6,867,475		7,977,902
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES			828,313,172		828,312,524

PAREURO B.V

3. PROFIT AND LOSS ACCOUNT FOR THE YEAR 2015

(amounts expressed in euro)

	Notes	2015	2014
Holding and Investments Activities			
Dividend Income	6.1	63,714,982	29,563,752
Impairment of participating interest	6.1	(63,422,779)	-
		292,203	29,563,752
Other Financial Income and Expenses			
Interest and similar income	6.2	441,677	716,313
Interest and similar expenses	6.3	(11,435,280)	(13,429,485)
		(10,993,603)	(12,713,172)
Other Expenses			
General and administrative expenses	6.4	(90,755)	(108,807)
		(90,755)	(108,807)
Result Before Taxation		(10,792,155)	16,741,773
Corporate tax		-	-
RESULT FOR THE YEAR		(10,792,155)	16,741,773

PAREURO B.V

2. BALANCE SHEET AS AT 31 DECEMBER 2015

(before proposed appropriation of the result for the year)

(amounts expressed in euro)

	Notes	2015	2014
ASSETS			
Fixed assets			
Financial fixed assets	5.1	793,935,097	857,357,876
Current assets	5.2		
Receivables and accrued income	5.2.2	461	-
Cash and cash equivalents	5.2.3	13,509	26,323
		13,970	26,323
TOTAL ASSETS		793,949,067	857,384,199
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's equity	5.3		
Paid up share capital		5,583,100	5,583,100
Share premium reserve		710,416,900	710,416,900
Other reserves		(86,576,954)	(103,318,727)
Result for the year		(10,792,155)	16,741,773
		618,630,891	629,423,046
Long-term liabilities	5.4		
Loans from related parties	5.4.1	160,499,424	221,233,424
		160,499,424	221,233,424
Short-term liabilities	5.5		
Bank loans and overdrafts	5.5.1	9,999,333	-
Interest payable to related parties	5.5.2	4,733,688	6,633,727
Other payables and accrued expenses	5.5.3	85,731	94,002
		14,818,752	6,727,729
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		793,949,067	857,384,199

Appendix 8 – Galp Energia Portugal Holdings Financial Statements

Page 4
(Expressed in Euro)

GALP ENERGIA PORTUGAL HOLDINGS B.V.
(Amsterdam)

STATEMENT OF INCOME AND EXPENSES
for the year ended December 31, 2012

			01/01/12 - 12/31/12		01/01/11 - 12/31/11
OPERATIONAL INCOME AND EXPENSES:					
Staff costs	(13)	(45.333)		-	
Credit Facility - origination costs	(14)	(7.994.851)		-	
Administrative expenses	(15)	(2.893.313)		(77.194)	
Net operating result			(10.933.497)		(77.194)
FINANCIAL INCOME AND EXPENSES:					
Result from sale of investments in group companies	(16)	-		(510.749)	
Interest income	(17)	18.557.167		2.787.399	
Interest expenses	(18)	(15.156.068)		(8.732)	
Net financial result			3.401.099		2.267.918
Result from ordinary activities before taxation			(7.532.398)		2.190.724
Tax on profit / (loss) on ordinary activities	(19)		498.192		(589.777)
Result after taxation			(7.034.206)		1.600.947

Page 3
(Expressed in Euro)

GALP ENERGIA PORTUGAL HOLDINGS B.V.
(Amsterdam)

BALANCE SHEET
December 31, 2012
(before appropriation of the result)

ASSETS

			12/31/12		12/31/11
FIXED ASSETS:					
Financial fixed assets:					
Investments in group companies	(1)	859.143.426		18.000	
Non trade receivables	(2)	7.502.500		9.990.000	
Deferred Costs - origination fees	(3)	20.651.066		-	
			887.296.992		10.008.000
CURRENT ASSETS:					
Receivables from group companies	(4)	670.500.603		136.473.559	
Non trade receivables	(5)	2.534.400		2.555.156	
Deferred Costs - origination fees	(6)	9.912.246		-	
Cash and banks	(7)	363.439		1.637.821	
			683.310.688		140.666.536
			1.570.607.680		150.674.536

SHAREHOLDER'S EQUITY AND LIABILITIES

SHAREHOLDER'S EQUITY:	(8)				
Issued share capital		90.000		18.152	
Share premium		901.262.770		103.251.569	
Retained earnings		46.938.776		45.337.829	
Result for the period		(7.034.206)		1.600.947	
			941.257.340		150.208.497
LONG TERM LIABILITIES:	(9)				
Loans from credit institutions			559.663.144		-
CURRENT LIABILITIES:					
Loans from credit institutions	(10)	67.853.404		-	
Payables to group companies	(11)	1.764.404		134.517	
Corporate income tax		-		305.253	
Accrued expenses	(12)	69.388		26.269	
			69.687.196		466.039
			1.570.607.680		150.674.536

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2014

(With comparative figures of the preceding year)
(In Euros)

	Notes	2014	2013
Operating costs			
General and administrative expenses	14	(76.726)	(2.790.812)
Salaries and wages	13	(39.198)	(42.378)
Total operating costs		**(115.924)**	**(2.833.190)**
Operating expense		**(115.924)**	**(2.833.190)**
Financial income	15	3.687.046	33.732.788
Financial costs	16	(7.161)	(53.175.368)
Exchange Gain/(Losses)		11.464	(1.339.008)
Results on participations	17	218.551.611	104.129.812
Profit before tax		**222.127.036**	**80.515.034**
Profit for the year		**222.127.036**	**80.515.034**

The accompanying notes form an integral part of the income statement for the period ended 31 December 2014

BALANCE SHEET AS OF DECEMBER 31, 2014

(With comparative figures of the preceding year, and before profit appropriation)
(In Euros)

ASSETS	Notes	2014	2013
Fixed assets:			
Financial fixed assets:			
Investments in group companies	4.1	614.051.050	614.143.426
Loans to related parties – Non Current	4.2	2.497.500	4.995.000
Total fixed assets		616.548.550	619.138.426
Current assets:			
Loans to group companies	5	309.963.874	16.056.163
Loans to related parties – Current	6	2.497.500	2.497.500
Deferred assets	7	-	60.437
Cash and cash equivalents	8	109.098	498.929
Total current assets		312.570.472	19.113.029
Total assets		929.119.022	638.251.455

EQUITY AND LIABILITIES	Notes	2014	2013
Equity:			
Share Capital	9	90.000	90.000
Share premium	9	634.777.804	634.777.804
Retained earnings	9	1.904.570	(78.610.464)
Net Income	9	222.127.036	80.515.034
Total equity		858.899.410	636.772.374
Current liabilities:			
Accounts payable	10	7.086	1.456.698
Accrued expenses	11	11.750	22.383
Loans from group companies	12	70.200.776	-
Total current liabilities		70.219.612	1.479.081
Total liabilities		70.219.612	1.479.081
Total equity and liabilities		929.119.022	638.251.455

The accompanying notes form an integral part of the statement of financial position as of 31 December 2014

Appendix 9 – EDP Finance BV Financial Statements

EDP Finance, BV

Company Statement of comprehensive income
for the years ended 31 December 2013 and 2012

Thousands of Euros	Notes	2013	2012
Interest income	6	704,702	633,054
Interest expenses	6	-707,516	-608,718
Net interest income / (expense)		-2,814	24,336
Net other financial income and expenses	7	-8,448	-10,476
Net financial income / (expense)		-11,262	13,860
Other operating income / (expenses)			
Services rendered	8	1,778	705
Supplies and services	9	-3,256	-1,577
Provisions	10	-	1,400
Profit / (Loss) before income tax		-12,740	14,388
Tax expense / (benefit)	11	3,245	-3,609
Profit / (Loss) for the year		-9,495	10,779
Total comprehensive income for the year		-9,495	10,779
Profit / (Loss) for the year attributable to owners of the company		-9,495	10,779
Total comprehensive income for the year attributable to the owners of the company		-9,495	10,779

EDP Finance, BV

Company Statement of financial position as at 31 December 2013 and 2012
(before proposed appropriation of profit)

Thousands of Euros	Notes	2013	2012
Assets			
Loans to and receivables from group entities	12	11,704,152	7,959,801
Derivative financial instruments	19	48,663	141,930
Total Non-Current Assets		11,752,815	8,101,731
Loans to and receivables from group entities	12	3,975,605	7,508,470
Derivative financial instruments	19	84,039	77,256
Debtors and other assets		2,471	711
Tax receivable	20	4,971	-
Cash and cash equivalents	13	238,173	343,585
Total Current Assets		4,305,259	7,930,022
Total Assets		16,058,074	16,031,753
Equity			
Share capital	14	2,000	2,000
Share premium	14	11,980	11,980
Retained earnings	15	123,666	112,887
Profit / (loss) for the year		-9,495	10,779
Total Equity		128,151	137,646
Liabilities			
Debt securities	16	8,728,180	8,750,028
Loans and credit facilities from third parties	16	3,404,831	3,653,295
Derivative financial instruments	19	63,937	41,654
Total Non-Current Liabilities		12,196,948	12,444,977
Debt securities	16	1,642,504	591,304
Loans and credit facilities from third parties	16	1,675,430	2,235,300
Loans from group entities	17	113,492	100,111
Amounts owed on commercial paper	18	280,000	480,000
Derivative financial instruments	19	19,935	7,019
Trade and other payables		1,614	1,510
Tax payable	20	-	33,886
Total Current Liabilities		3,732,975	3,449,130
Total Liabilities		15,929,923	15,894,107
Total Equity and Liabilities		16,058,074	16,031,753

EDP Finance, BV

Company Income Statement
for the years ended 31 December 2014 and 2013

Thousands of Euros	Notes	2014	2013
Interest income	6	787,198	704,702
Interest expenses	6	-771,703	-707,516
Net interest income / (expense)		15,495	-2,814
Net other financial income and expenses	7	6,028	-8,448
Net financial income / (expense)		21,523	-11,262
Other operating income / (expenses)			
Services rendered	8	1,768	1,778
Supplies and services	9	-3,598	-3,256
Personnel costs		-1	
Profit / (Loss) before income tax		19,692	-12,740
Tax expense / (benefit)	10	-4,913	3,245
Net profit for the year		14,779	-9,495

EDP Finance, BV

Company Statement of Financial Position as at 31 December 2014 and 2013
(before proposed appropriation of profit)

Thousands of Euros	Notes	2014	2013
Assets			
Loans to and receivables from group entities	11	11,857,845	11,704,152
Derivative financial instruments	18	178,373	48,663
Total Non-Current Assets		12,036,218	11,752,815
Loans to and receivables from group entities	11	4,333,366	3,975,605
Derivative financial instruments	18	80,239	84,039
Debtors and other assets		1,548	2,471
Tax receivable		3,175	4,971
Cash and cash equivalents	12	193,365	238,173
Total Current Assets		4,611,693	4,305,259
Total Assets		16,647,911	16,058,074
Equity			
Share capital	13	2,000	2,000
Share premium	13	11,980	11,980
Reserves and retained earnings	14	114,655	123,666
Profit / (loss) for the year		14,779	-9,495
Total Equity		143,414	128,151
Liabilities			
Debt securities	15	10,466,159	8,728,180
Loans and credit facilities from third parties	15	2,643,765	3,404,831
Derivative financial instruments	18	124,685	63,937
Total Non-Current Liabilities		13,234,609	12,196,948
Debt securities	15	1,851,318	1,642,504
Loans and credit facilities from third parties	15	829,588	1,675,430
Loans from group entities	16	377,832	113,492
Amounts owed on commercial paper	17	210,000	280,000
Derivative financial instruments	18	-3,926	19,935
Trade and other payables		27	1,614
Tax payable		5,049	-
Total Current Liabilities		3,269,888	3,732,975
Total Liabilities		16,504,497	15,929,923
Total Equity and Liabilities		16,647,911	16,058,074

Appendix 10 – Cimpor Financial Operations Financial Statements

CIMPOR FINANCIAL OPERATIONS B.V.

Profit and Loss Account
for the financial year ended December 31, 2013
(in EUR)

		2013	2012
Financial Income and Expense			
Interest income, including penalties, on loans to group companies		32,998,075	74,182,122
Depreciation discount bond issue		--	(12,393)
Depreciation discount loan		--	12,393
Amortization Funding fee Bank Loans		(1,676,866)	(522,222)
Amortization Funding fee Group Loans		1,673,228	522,222
Interest expense, including penalties, on loans from third parties		(31,577,123)	(73,523,828)
Bank and other interest		28,470	61,170
Release deferred income		--	1,188,547
Impairment deferred expenses		--	(1,188,547)
Exchange differences		(43,272)	(25,292)
		1,402,512	694,172
Other Expenses			
General and administrative expenses	12	(214,304)	(173,039)
Fees and Commissions		(123,810)	(330,839)
		(338,114)	(503,878)
RESULT BEFORE TAXATION		1,064,398	190,294
Corporate income taxes	13	(325,593)	(156,698)
NET RESULT AFTER TAXATION		738,805	33,596

CIMPOR FINANCIAL OPERATIONS B.V.

Balance Sheet as at December 31, 2013
(In EUR, after appropriation of results)

ASSETS

	Notes	2013	2012
FIXED ASSETS			
Financial fixed assets			
Loans to group companies	5	228,130,362	724,529,088
		228,130,362	724,529,088
CURRENT ASSETS			
Receivables			
Receivable from group companies	6	487,755,296	5,957,600
Other receivables Group companies		799,332	755,541
Interest Bank accounts receivable		24,161	38,197
Deferred expenses		--	517,866
Corporate Income tax		--	70,394
		488,578,789	7,339,598
Liquid Assets			
Cash at banks	7	2,750,342	4,004,860
TOTAL ASSETS		719,459,493	735,873,546

EQUITY AND LIABILITIES

	Notes	2013	2012
Shareholders' Equity	8		
Issued and paid-up capital		18,500	18,500
Other reserves		3,679,963	2,941,158
		3,698,463	2,959,658
Long-term Liabilities			
Bank loans	9	228,134,000	724,529,088
		228,134,000	724,529,088
Current Liabilities			
Payable to third parties	10	487,409,670	7,568,877
Other liabilities and accrued expenses	11	16,598	815,923
VAT payable		14,353	--
Corporate income tax payable		186,409	--
		487,627,030	8,384,800
TOTAL EQUITY AND LIABILITIES		719,459,493	735,873,546

CIMPOR FINANCIAL OPERATIONS B.V.

Profit and Loss Account
for the financial year ended December 31, 2015
(in EUR)

		2015	2014
Financial Income and Expense			
Interest income, including penalties, on loans to group companies		75,985,683	57,615,272
Interest expense, including penalties, on loans from third parties		(74,030,383)	(58,599,467)
Bank and other interest		765	34,859
Exchange differences		335,137	351,803
		2,291,202	(597,533)
Other Expenses			
General and administrative expenses	17	(307,336)	(246,705)
Fees and Commissions		(166,306)	(195,398)
		(473,642)	(442,103)
RESULT BEFORE TAXATION		1,817,560	(1,039,636)
Corporate income taxes	18	(578,839)	390,861
NET RESULT AFTER TAXATION		1,238,721	(648,775)

CIMPOR FINANCIAL OPERATIONS B.V.

Balance Sheet as at December 31, 2015
(In EUR, after appropriation of results)

ASSETS	Notes	2015	2014
FIXED ASSETS			
Financial fixed assets			
Loans to group companies	5	1,453,702,237	1,414,515,604
Derivatives - Non current	6	162,720,698	61,602,307
Deferred Tax Asset	7	634,026	707,886
		1,617,056,961	1,476,825,797
CURRENT ASSETS			
Receivables			
Receivable from group companies	8	42,191,933	69,393,397
Other receivables Group companies		18,534	220,881
Derivatives - current	6	16,348,787	13,371,556
Interest Bank accounts receivable		--	8,359
Other receivables		--	3,087
		58,559,254	82,997,280
Liquid Assets			
Cash at banks	9	38,720,323	8,962,701
TOTAL ASSETS		1,714,336,538	1,568,785,778

EQUITY AND LIABILITIES	Notes	2015	2014
Shareholders' Equity	10		
Issued and paid-up capital		18,500	18,500
Other reserves		4,269,909	3,031,188
		4,288,409	3,049,688
Long-term Liabilities			
Bank loans	11	777,769,001	810,295,504
Issued Bonds	12	679,032,014	607,341,506
Derivatives Non current	13	162,720,698	61,602,307
		1,619,521,713	1,479,239,317
Current Liabilities			
Payable to group companies	14	44,909,795	191,652
Payable to third parties	15	28,360,572	71,917,907
Other liabilities and accrued expenses	16	85,386	445,030
Derivatives - current	13	16,348,787	13,371,556
VAT payable		137,666	199,333
Corporate income tax payable		684,210	371,295
		90,526,416	86,496,773
TOTAL EQUITY AND LIABILITIES		1,714,336,538	1,568,785,778

Appendix 11 – REN Finance BV Financial Statements

REN Finance B.V.
Amsterdam

Statement of comprehensive income for the period from 10 May 2013 until 31 December 2013

	Note	10 May 2013 until 31 December 2013
		EUR
Continuing operations:		
Interest income gross		5.021.722
Interest income net	6	5.021.722
Interest expense	7	(4.404.761)
Gross margin		616.961
Foreign exchange result	8	(71)
Other income	9	763.941
Financial expenses	10	(234.445)
General and administrative expenses	11	(998.351)
Profit before taxation		148.035
Income tax	12	(29.607)
Net Profit for the year		118.428

The accompanying notes are an integral part of these financial statements.

REN Finance B.V.
Amsterdam

Statement of financial position as at 31 December 2013
(Before appropriation of current year's result)

	Note	31-dec-13 EUR
Assets		
Non-current assets		
Long-term loans to group companies	13	510.000.000
Current assets		
Current-term loans to group companies	14	35.850.000
Receivables on group companies	15	4.807.099
Other receivables and prepaid expenses	16	835.482
Cash and bank balances	17	272.034
Total current assets		41.764.615
Total assets		551.764.615
Shareholder's equity and liabilities		
Capital and reserves		
Share capital		20.000
Share premium		40.800.000
Other reserves		-
Profit for the year		118.428
Total equity		40.938.428
Non-current liabilities		
Long-term borrowings (Loans)	18	108.800.680
Long-term borrowings (Bond)	19	397.322.066
		506.122.746
Current liabilities		
Taxation	20	204.916
Accrued interest	21	4.126.929
Other liabilities and accrued expenses	22	371.596
Total current liabilities		4.703.441
Total equity and liabilities		551.764.615

The accompanying notes are an integral part of these financial statements.

REN Finance B.V.
Amsterdam

Statement of comprehensive income for year 2015

	Note	2015 EUR	2014 EUR
Continuing operations			
Interest income gross		42.940.395	32.002.358
Interest income net	6	42.940.395	32.002.358
Interest expense	7	(37.531.280)	(28.185.932)
Gross margin		5.409.115	3.816.426
Foreign exchange result		0	(8)
Other income	8	764.006	0
Salaries, wages and taxes	9	-70.233	-73.003
General and administrative expenses	10	(1.149.572)	(179.542)
Profit before taxation		4.953.317	3.563.873
Corporate income tax	11	(1.228.414)	(880.968)
Net Profit for the year		3.724.902	2.682.905
Other comprehensive income, net of income tax		0	0
Total comprehensive income for the year		3.724.902	2.682.905
Profit attributable to owners of the company		3.724.902	2.682.905
Total comprehensive income attributable to owners of the company		3.724.902	2.682.905

The accompanying notes are an integral part of these financial statements.

REN Finance B V
Amsterdam

Statement of financial position as at 31 December 2015
(Before appropriation of current year's result)

	Note	31-dez-15 EUR	31-dez-14 EUR
Assets			
Non-current assets			
Long-term loans to group companies	12	743 799.535	571.380.640
Current assets			
Taxation	13	7.440	0
Current-term loans to group companies	14	61.100.000	58.625.000
Receivables on group companies	15	12.969.312	5 454 657
Other receivables	16	3.468 162	3.430 142
Cash and cash equivalents	17	241.432	143.366
Total current assets		77.786.346	67.653.165
Total assets		821.585.881	639.033.805
Shareholder's equity and liabilities			
Capital and reserves			
Share capital		20.000	20 000
Share premium		59.600 000	46 800 000
Other reserves		2.801 333	118.428
Profit for the year		3.724 902	2 682 905
Total equity		66 146 235	49 621.333
Non-current liabilities			
Long-term borrowings	18	739.634.561	569.096 837
Current liabilities			
Taxation	19	1.231 535	910.737
Short-term borrowings	20	0	11.250.000
Accrued interest	21	10.923.198	4 532.520
Intercompany payables	22	3.522 459	3 546 391
Other liabilities and accrued expenses	23	127.893	75.987
Total current liabilities		15.805.085	20.315.635
Total equity and liabilities		821.585.881	639.033.805

The accompanying notes are an integral part of these financial statements.