

Cofinanciado por:



UNIÃO EUROPEIA  
Fundo Europeu  
de Desenvolvimento Regional

# Delaware of Europe

Innovation potential  
in corporate law and corporate taxation

V 0.1

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# 1.0

## Preamble

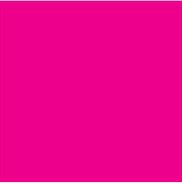


This document is meant to provide an insight into the potential of concentrating company registration throughout Europe (and potentially the world) in Portugal.

**The innovation potential in corporate law and corporate taxation is outlined below, and needs to be designed in detail.**

# 2.0

## Program Cornerstones



UK is by far the leading legislative environment for registering companies inside Europe, and Delaware, USA outside Europe.

For fast scaling technology Startups the investability, compliance and language are the most important factors to decide for where to register the business.

Investors and their due diligence processes for investing into a business is the most important point-of-reference: If a VC decides the due diligence in a local ecosystem is too tedious and expensive (unknown legislation, foreign language), he will ask the company to relocate.

**The current political situation around Brexit and the new US administration around Donald Trump have disrupted this highly common process of registering a company in the two most common ecosystems, which is an enormous opportunity for Portugal.**

# 3.0

## Overall Innovation Potential

**The overall innovation potential is gigantic.**

The Startup phenomenon is a few decades old, and the most relevant and suitable incorporation law currently in place was created in 1899.

The whole procedure could be moved online (notarization, incorporation / registrations and personal identification like number26 by video chat) and the focus on digital companies could be boosting the Portuguese economy significantly and sustainably!

# 4.0

## Expected Impact



The expected impact on Portugal is significant. In Delaware 1Billion Dollars is generated in new corporate registrations only, and the impact on third parties (Lawyers, Tax Consultants, Banks) is enormous.

**With 150.000 businesses started in 2014 in Europe, and a growing trend towards small businesses globally and challenging political circumstances in UK and USA a multimillion Euro impact is to be expected immediately upon deploying the world most innovative corporate law and registration procedures.**

Additionally, this will further manifest the relevance of Portugal in the global business world.

# 5.0

## Cornerstones to become the Center of New Company



The following topics are cornerstones to successfully implement Portugal as the most used corporate registration country inside Europe.

# 5.1

## Corporate Law Revisited

The corporate law needs to be highly simplified, and like established ecosystems such as UK and USA. The clear emphasis on simplification includes ...

**Registration**

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**Financing**

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**Fees**

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**Timing and Procedure**

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**M&A**

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**Closure**

All standard parts of an incorporation process (Governance, Shareholders Agreements, Articles of Association, Limited Liability, Shareholders procedures and sale of shares) need to be simplified, and the notarization process needs to be reduced in effort.

# 5.2

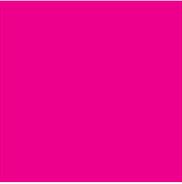
## Language

**The language of all platforms needs to be English.**

All processes, templates and forms need to be highly digital, online available, and at minimum bi-lingual, if not even available in a multitude of languages.

# 5.3

## Legal Templates



To make the availability as high as possible and reduce cost in the incorporation procedure, **all standard operations** (incorporations, sale of shares / capital increase, articles of association, convertible notes, etc.) **must be available for access.**

The content of these templates needs to be designed with lawyers, benchmarked against the most innovative and active Venture Capitalists and updated as innovation proceeds in corporate law globally.

# 5.4

## Privacy

Privacy is part of the huge success of Delaware as a corporate law centre of activity globally. The way that is being abused is an issue to encompass and regulate.

**It is not intended to create a tax haven with intransparency, but rather create the most modern system out of those that are already available globally.**

# 6.0

## Challenges



There is an inherent risk for public backlash: The implementation of another tax haven made to optimise taxes by cascading intentions needs to be prevented at all cost. It is mandatory to focus on Startups: **How can Portugal become the most Startup-friendly legislative environment in Europe?**

The implementation of changes on this level of deeply rotted law is sensible, most likely far reaching and will take time. One way to make sure to mitigate inherent risk is to focus on Startups is to create a special form of limited liability company: With a restriction on age, size (revenue and employees) and the ratio of debt vs. risk capital financing (20/80).

There is currently an active legislation in Italy around Startups, and it is possible to benchmark all these activities against currently more innovative regulatory environments.

## Next Steps



The immediate next steps is to check the political will to revolutionise the corporate law in Portugal. If the expected result is wanted, all Startup and corporate law regulations globally need to be challenged and analysed and benchmarked against the goals of the initiative.

**We suggest the following next steps:**

- a) Political compliance and agreement**
- b) Research**
- c) Design system with international law firm**
- d) Benchmark results against**
  - a. VC's
  - b. Startups
  - c. Existing companies
  - d. Lawyers
- e) Implement**

# 8.0

## Closing remarks



We want to emphasize the potential at hand. Emotionally the world is in turmoil, unsure of where the future take us. Portugal as a country with deep internationalisation roots, cultural openness and the will to politically innovate is in the best position in Europe to take the lead.

The new Europe, specifically Estonia with its E-Residency program, is innovating fast, and focusing 100% on digital entrepreneurs and tools. **But no other country than Portugal has the pole position today to do it right, and be at the forefront of innovation in Europe.**

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