Portuguese Company Structure Types

Portugal is a popular destination for foreign investors, thanks to its strong economy, favourable tax climate, and strategic location in Europe.

By **Catarina Sardinha**, 18th July 2023

Background

Portugal is a popular destination for foreign investors, thanks to its buoyant economy, favourable tax climate, and strategic location in Europe.

If you are considering incorporating a company in Portugal, there are a few things you should take into consideration. The article below explores common company structures. More information on the incorporation process can be found here.

Choosing the Right Type of Company Structure

There are two main types of company that can be incorporated in Portugal: limited liability companies (*Sociedades por Quotas* 'LDAs') and joint stock companies (*Sociedades Anónimas*, 'SAs').

LDAs are the more common type of company in Portugal. They are relatively easy to set up and have a lower minimum share capital requirement than SAs.

SAs are more complex to set up and have a higher minimum share capital requirement.

However, they offer a number of advantages, such as limited liability for shareholders and the ability to raise more capital.

The table below summarises the key differences between SA and LDA companies in Portugal:

Feature	SA	LDA
Minimum capital	€50,000	€2 (or €1 for a single shareholder)
Number of shareholders	Minimum of 5 (unless the company is sole shareholder)	Minimum of 2 (or 1 by the denomination of *Sociedade Unipessoal Lda*)
Transfer of shares	Freely transferable	Can only be transferred by public deed
Management	Board of directors	General partners
Liability	Shareholders are liable for the company's debts up to the amount of their shares	Shareholders are liable for the company's debts up to the amount of their quotas
Taxation	Subject to corporate income tax	Subject to corporate income tax
Audit Requirements	Always subject to auditor or supervisory board	One independent auditor or supervisory board is required, if for a period of two consecutive years, two of the following thresholds are met: 1. Balance exceeds €1.5 million 2. Total turnover and other revenue of at least €3 million 3. Average number of 50 or more employees

There are, a number of additional things to consider when choosing between an SA or an LDA:

- Future growth plans: if you plan to grow your business and raise capital from investors, an SA may be a better option. This is because SAs are more widely recognized and accepted by investors.

- Management structure: If you want to have more control over the management of your business, an LDA may be a better option. This is because LDAs are more flexible in terms of management structure.

- The corporate tax rate is largely unaffected by the company type but rather based on activity and location – see here for more information on corporate tax rates applicable to companies.

If you are still unsure about which type of company is right for you, it is a good idea to consult with a lawyer or accountant who can help you assess your specific needs and circumstances.

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