

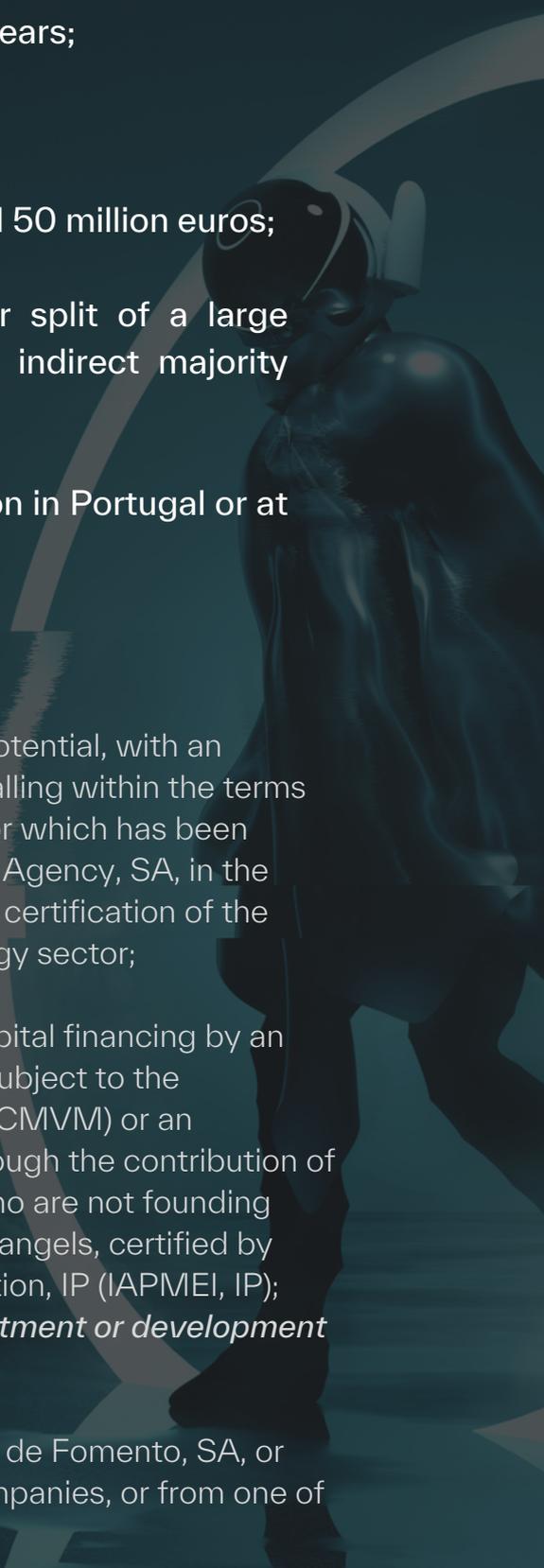


Legal Framework for Startups and Scaleups in Portugal

Portugal has enacted Law No. 21/2023 on May 25th, establishing a comprehensive legal framework to support the growth of startups and scaleups. This law introduces several new concepts, provides a streamlined process for recognizing startups, amends existing legislation by implementing, among others, specific tax incentives.

The new Law introduced legal definitions for startup, scaleup, and business Angel.

In particular, a startup is considered a legal entity that, cumulatively:

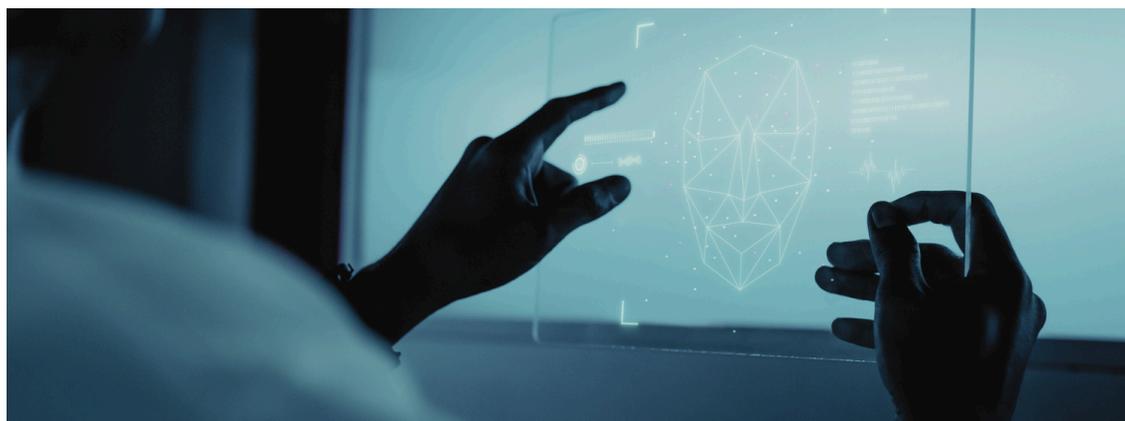
1. Carry out activity for a period of less than 10 years;
 2. Employ less than 250 workers;
 3. Have an annual turnover that does not exceed 50 million euros;
 4. It does not result from a transformation or split of a large company and does not have any direct or indirect majority shareholding of a large company in its capital;
 5. Has headquarters or permanent representation in Portugal or at least 25 employees in Portugal; and
 6. Fulfil one of the following conditions:
 - a) Be an innovative company with a high growth potential, with an innovative business model, products or services, falling within the terms defined by Ordinance No. 195/2018 dated July 5, or which has been recognized suitability by ANI - National Innovation Agency, SA, in the practice of research and development activities or certification of the recognition process for companies in the technology sector;
 - b) Has completed at least one round of venture capital financing by an entity legally qualified to invest in venture capital subject to the supervision of the Securities Market Commission (CMVM) or an international authority similar to the CMVM, or through the contribution of capital or quasi-equity instruments by investors who are not founding shareholders of the company, namely by business angels, certified by IAPMEI - Agency for Competitiveness and Innovation, IP (IAPMEI, IP);
Note: real estate promotion, intermediation, investment or development companies are not covered by this subparagraph.
 - c) Has received investment from Banco Português de Fomento, SA, or from funds managed by it, or from its affiliated companies, or from one of its capital or quasi-equity instruments.
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Non-compliance with any of the criteria in point 6 will be addressed through a declaration from Startup Portugal. This declaration should explain and prove that applicant business has an innovative product or service, or that it can grow quickly.

Companies can be recognized as a Scaleup if, even without meeting the criteria in points 1, 2, and 3, they comply with the remaining criteria as determined by law.

Amendments to the Personal Income Tax Code, the Tax Benefits Statute, and the Investment Tax Code implement tax incentives aimed to create a more favorable environment for innovation and entrepreneurial activity and attract not only new business and also their employees.

Start-up recognition is obtained through a prior communication procedure addressed to Startup Portugal using an electronic form available on the single public services portal.



The application is reviewed by IAPMEI (Agência para a Competitividade e Inovação), the Agency for Competitiveness and Innovation. This entity assesses the eligibility based on the criteria set out in Law No. 21/2023 and in Ordinance no. 401/2023 dated December 4th .

Successful applications receive certification from IAPMEI, granting them official recognition as a start-up or scale-up. This certification is crucial for accessing implemented benefits.

STARTUP LAB

by SRS LEGAL

In 2018, at SRS was created the Startup Lab by SRS, the first acceleration programme for startups developed by a Portuguese law firm, together with specialised partners. The acceleration programme includes training in the areas of law, intellectual property, branding and marketing, strategic consulting, innovation consulting, accounting and pitch preparation.

On July 19, 2024, the fifth edition of Startup Lab by SRS concluded with a Demo Day held at the SRS Legal Auditorium. Eight startups—Porada App, Quizzability, Bumatic, CodArte, Fetalix, TC Budgeting, BytheLaw, and E-skins—presented their pitches to potential partners and investors.

Fetalix emerged as the big winner of this edition, receiving a voucher worth two thousand euros for the UNION Venture Builder Programme. ByTheLaw and CodArte took second and third place, respectively, earning them a legal support package from SRS Legal.

Startup Lab by SRS is now in progress with its sixth edition, which began this September 2024. For more details on the program visit

www.startuplab.pt