





NEW REGULATION ON CONSTRUCTION ACTIVITIES

Presidential Decree no. 63/16 was published on 29 March. It approves the Regulation on Civil Construction and Public Works, Works Planning and Works Supervision Activities (the "Regulation"), following Presidential Decree no. 106/14 of May 19th.

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This legislation applies to individuals and legal entities that engage in the activities of civil construction and public works, works planning and works supervision.

Important among the various conditions established to carry on these activities is the need to obtain a registration certificate and permit. The Civil Construction and Public Works Regulatory Institute (Instituto Regulador da Construção Civil e Obras Públicas – "IRCCOP") is responsible for issuing these documents.

To obtain this registration the Regulation requires applicants to prove they meet certain requirements: (i) good standing, (ii) an appropriate corporate object and (iii) presentation of insurance for accidents at work that covers all the employees. Registration certificates are valid for 10 years and can be renewed for identical periods.

When it comes to the permit, besides the requirements for good standing and presentation of insurance for accidents at work, it will only be issued if the applicant company meets the requirements for technical, economic and financial capacity.

Depending on the type of activities the applicant wishes to engage in, the IRCCOP will issue one of three types of permit: (i) Civil Construction and Public Works Permit, (ii) Works Planning Permit and (iii) Works Supervision Permit. Each of the types of permit defines the works and activities the permit holders are approved to engage in. The new permits are valid for a period of 3 years and any permits currently in force must be renewed within 2 years.

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The permits are classified according to (i) category, which allows the holder to carry out all types of work covered by the type of permit granted and (ii) class, depending on the value of the works.

When companies do not have the qualifications that allow them access to certain public tenders or to the licensing of certain activities, the law provides that they can subcontract companies that have those approvals. In these cases, the company must enter into a valid contract with the subcontractor to carry out the works. In the case of consortiums or groups of companies, the law provides that it is mandatory for all the members to have a registration certificate and/or permit for the activity for which the consortium group was set up.

The IRCCOP is responsible for supervising compliance with the requirements imposed by the Regulation. Any infringements of the Regulation may lead to sanctions including (i) suspension of the activity, (ii) cancellation of the activity, (iii) fines or (iv) prohibitions.

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