

SPECIAL CONTRIBUTION ON FOREIGN TECHNICAL ASSISTANCE AND MANAGEMENT AGREEMENTS

The legal framework on the special contribution on current invisible items of trade (*Regime Jurídico da Contribuição Especial sobre as Operações Cambiais de Invisíveis Correntes - "RJCE"*) came into force on 30 June 2015. This legal framework was approved by Presidential Legislative Decree no. 2/15 of 29 June. The origin of this legislation is, essentially, the fall in the price of a barrel of oil in the international markets and the need to strengthen control mechanisms in face of capital shortage and of abusive tax planning.

The Special Contribution provided for in the RJCE applies to transfers sent abroad under contracts for the provision of foreign technical assistance or management services, regulated by Presidential Decree no. 273/11 of 27 October. The persons subject to the special contribution are the entities that contract the services. More specifically, these taxable persons are private entities and public companies, with the exception of the Angolan State, and all their departments, establishments and organs when the Special

Contribution is to be borne by them. There is an exception from the special contribution for public companies, as well as for welfare and social security institutions, associations of public utility and legally incorporated religious institutions. This exception does not apply when any of these companies or institutions carries on economic activities with a business or commercial nature.

The Special Contribution only applies to transfers made under contracts subject to Presidential Decree no. 273/11. The RJCE expressly exempts other current invisibles operations not covered by that Presidential Decree, such as the distribution of profits or dividends, the payment of freight costs or salaries as well as the payment of royalties. In other words, one of the requirements for the application of the new contribution is that the contract in question is subject to Presidential Decree no. 273/11.

The rate of the Special Contribution is 10% of the value of the transfer to be made. It must be paid by the entity requesting the transfer subject to the contribution before it is processed by the financial institutions. The basis for calculation of the tax is the amount calculated in Kwanzas, regardless of the exchange rate to be applied.

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