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ANGOLA

Coronavirus: Relief measures for businesses and families

To combat the consequences for the economy of the COVID-19 pandemic, the Angolan Executive approved Presidential Decree 98/20 of 9 April on measures to relieve the negative economic effects of the health crisis.

The above Presidential Decree first repeals Presidential Decree 273/11 of 28 October (Regulations on the Recruitment of Foreign Technical Assistance or Management Services), which made these contracts subject to prior approval and to specific legal rules. It also repeals Decree 92/82 of 18 October, which created the Single Register of Companies and articles 10(1), 27 and 34 of Presidential Decree 193/17 of 22 August, which approved the Regulations on the Licensing of Commercial Establishments and Activity and Market Services. As a consequence, changes have been made to the issuance of commercial licences.

The immediate measures to relieve the negative economic effects caused by the pandemic are:

1. Businesses

Corporate tax

An extension of the period for final settlement of the corporate tax declaration obligations of taxpayers from Group A and Group B, respectively, to 29 May and 30 June 2020.

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ANGOLA**Value added tax**

A tax credit of 12 months for businesses on the amount of the VAT payable on the importation of capital goods and raw materials to produce the 54 goods of Basic Food Basket (see Presidential Decree 23/19 of 14 January).

Social security contributions

The payment of the employer's part (8%) of the social security contribution for the second quarter of 2020 can be deferred. This payment can be made in six monthly instalments during the months of July to December of 2020, without the payment of interest.

"A tax credit of 12 months for businesses on the amount of the VAT payable on the importation of capital goods and raw materials to produce the 54 goods of Basic Food Basket."

Allocation of resources to micro, small and medium-sized undertakings in the manufacturing sector:

- i) The Agricultural Development Support Fund ("FADA") will provide a credit line of 15 billion kwanzas to finance family farms, with an interest rate not exceeding 3%;
- ii) The Development Bank of Angola ("BDA") will provide a credit line of 26.4 billion kwanzas with a rate of 9%, maturity of 2 years and a grace period for capital of 180 days to finance the purchase by trade and distribution operators of certain domestic products;
- iii) The BDA will provide a credit line of 13.5 billion kwanzas, with a rate of 9%, maturity of 2 years and a grace period for capital of 180 days to finance purchases of cooperatives of family products, small and medium-sized farm businesses, national suppliers of improved cereal seed, vegetables and tubers, fertilizers and pesticides, vaccines and provision of services for repair and adjustment of agricultural soils, with priority for products produced in Angola;
- iv) The BDA will provide a credit line of 750 million kwanzas to finance projects to modernise and expand the activities of a maximum of 15 cooperatives per province, in the agriculture and fisheries sectors, with the maximum of 50 million kwanzas, an interest rate of 7.5% and maturity equivalent to the operating cycle;
- v) The FACRA (the Angolan Active Venture Capital fund) will provide a credit line of 4 billion kwanzas to finance micro-finance companies, countryside schools, community credit unions, selected by public tender to operate a process of allocation of micro-credit to women and young entrepreneurs in the following activities:
 - a) Agriculture (especially cereals, legumes and oilseeds, roots, tubers and pulses);
 - b) Slash-and-burn agriculture;
 - c) Egg-producing poultry;

ANGOLA**"A commercial licence will only be required for certain activities."**

- d) Acquisition of cattle for fattening and slaughter;
 - e) Food processing and beverage production;
 - f) Logistics and distribution of agri-food and fisheries products;
 - g) Agriculture;
 - h) Recycling of solid urban waste;
 - i) Provision of transport services
 - j) Provision of professional training services;
 - k) Software development;
 - l) Tourism and cultural and artistic production.
- vi) The credit operations with external financing credit lines guaranteed by the State, including:
(i) USD 1 billion dollars granted by Deutsche Bank to the BDA; (ii) USD 120 million dollars granted the African Development Bank (ADB) to Banco de Poupança e Crédito (BPC), which will be handled by an Oversight Committee. This Committee must ensure quick and simplified access to these resources to entrepreneurs in the agriculture, fisheries and industry sectors who wish to make investments of more than 50% incorporating national production factors and which promote exports.

Reduction of red tape:

- i) Companies are no longer obliged to carry out statistical recording and the AGT (the Angolan tax authority) is responsible for providing the INE (national institute of statistics) with access to the necessary information;
- ii) A commercial licence will only be required for certain activities of selling food, live plant species, animals, birds and fish, medicines, cars, fuels, lubricants, and chemicals. The remaining commercial activities and the provision of services are only obliged to request permission to open the establishment from the local municipal authority;
- iii) As a result of the repeal of Presidential Decree 273/11 of 28 October (Regulations on the Recruitment of Foreign Technical Assistance or Management Services), the obligation on companies to obtain licences for management agreements, service provision contracts, and agreements for foreign technical assistance or management from the National Bank of Angola and the Ministry of Economy and Planning is lifted.

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Mobility of workers

- i) To ensure the mobility of workers while the state of emergency is in effect, companies must issue a credential to workers whose activity is not suspended. For this purpose, the Decree has approved the form of credential to be used.

2. Families and the informal sector of the economy

Protecting families and maintaining and creating jobs:

- i) The amount to the social security discount (3% of the employee's salary) for the months of April, May and June must be transferred to the employee. This measure applies to employers in the private sector and is intended to increase family income;
- ii) Companies that supply energy and water cannot cut supplies to customers that have difficulties in paying accounts during the month of April;
- iii) In conjunction with the Provincial Governments, the Ministry of Social Action, Family and Promotion of Women will provide finance of 315 million kwanzas to promote the distribution of basic food basket items to the most vulnerable families;
- iv) The month of May will see the beginning of the first phase of the Monetary Social Transfers Programme, which will benefit 1,600,000 families.

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Transition of informal activity to the formal sector:

- i) A multi-sector working group is to be created that will include the Ministries of Economy and Planning, Finance, Transport, Industry and Trade, Territorial Administration and Public Works, and Planning. The objective of the working group is to prepare an action plan to formalise and organise street trading, markets, and transport of goods and passengers under the Informal Economy Reconversion Programme ("PREI");
- ii) Another multi-sector working group is to be created that will include the Ministries of Economy and Planning, Telecommunications, and Information and Communication Technologies, and Banco Nacional de Angola. The objective of this working group is to devise and implement an action plan to promote digital means for payments, education and financial inclusion of economic agents. It is also intended to promote and support the emergence of fintechs under the programme to improve the competitiveness and productivity. ■