



AUG. 20

ANGOLA

NEWS

New rules for current invisible operations

Note on Circular Letter No. 002/DCC/2020

With the approval of Notice No. 2/2020, of January 2020 (“Notice 2/2020”), the National Bank of Angola (“BNA”) introduced greater flexibility in the foreign exchange sector, as it eliminated prior licensing and delegated the validation of the operations to the commercial banks. With the publication of the Circular Letter No. 002/DCC/2020, of 18 August 2020 (“Circular”), the BNA increases the level of compliance again by introducing new requirements for the validation and execution of contracts of current invisible operations (“CIs”).

The Circular only applies to specialised technical services contracted by resident entities from non-resident entities. The statute thus excludes other CIs such as leasing, reinsurance and similar agreements.

The Circular establishes compliance with Notice 2/2020 and introduces new elements the bank must validate in order to settle the operations, including:

- Resident entity must provide financial information to validate KYC and KYB elements;
- Procurement of technical or specialised services is limited to services not available in Angola;
- The following are considered as technical assistance (i) services relating to specialised equipment, services relating to information systems (hardware and software), telecommunication services and similar and (ii) professional services in the areas of law, medicine, engineering, architecture, accounting, training, education and similar;
- It is “recommended” that entities avoid hiring expatriate employee(s) through service agreement when these expatriates have an employment relationship with the non-resident entity providing services;

"Procurement of technical or specialised services is limited to services not available in Angola."

ANGOLA

- It is “recommended” that companies engaged in trading in food products and other entities that do not require specialised professional services do not contract services abroad, although the bank may consider exceptions;
- Contracts with individuals must be submitted with the individual’s CV to demonstrate the capacity of the provider;
- Intragroup contracts must be made with market prices, and (i) large taxpayers must present the price transferring dossier, and (ii) other taxpayers must present estimates from other providers in the country of origin of the provider in question;
- Contracts must not contain vague, imprecise or undetermined objects, such as advising, consultancy, management, marketing or procurement;
- Contracts must include (i) an itemised description of the services and its purposes, (ii) a work plan or criteria for provision of work and (iii) the details of the technical personnel allocated to the project;
- Contracts should not exceed 24 months, although one extension may be allowed in certain cases, automatic renewal is not allowed and a “termination with prior notice” clause should be included;
- When the amount is variable, the contract should establish a maximum contract amount;
- Several contracts between the same entities will trigger a special assessment by the bank;
- Foreign exchange fraud will be reported to the BNA and the Financial Information Unit.

"Intragroup contracts must be made with market prices, and (i) large taxpayers must present the price transferring dossier, and (ii) other taxpayers must present estimates from other providers in the country of origin of the provider in question."

We highlight that the Circular applies to contracts already in force. If the bank determines a specific contract does not comply with the new framework, it will give the parties 90 days to rectify the situation. ■