



ANGOLA

General State Budget for 2021: main tax changes

Angola's General State Budget for 2021 ("GSB 2021") came into force on 1 January 2021 and was approved by Law 42/20 of 31 December. It introduced the following tax changes:

Value Added Tax

○ Definition of the scope of application of Value Added Tax ("VAT")

Individuals or legal entities are now excluded from the scope of VAT when their turnover or import transactions are no more than Kz (AOA) 10 million.

○ Creation of the Simplified System

Scope of application: The Simplified System applies to taxable persons with a turnover or import transactions of no more than Kz (AOA) 350 million during the previous 12 months.

This system does not apply to taxpayers, regardless of their turnover or import transactions, that operate in the manufacturing industry.

Calculation of the tax

Taxable persons covered by this system will have to calculate the tax due on a monthly basis by applying the 7% rate to the turnover actually received from non-exempt transactions, including advances or advance payments.

They are also required to assess tax at the rate of 7% on the value of services provided by non-resident entities.

Taxable persons covered by this system are entitled to deduct 7% of the total tax borne.

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Taxable persons covered by this system must apply for the refund of the tax credit in accordance with the VAT Code Regulations, adapted as necessary.

Transition from the Simplified System to the General System

The GSB also provides that, in cases of transition from the Simplified System to the General System, the taxable person can deduct input tax on goods contained in stocks intended for sale that were acquired in the 12 months preceding that transition. This right of deduction does not include services acquired and incorporated in the cost of goods intended for sale.

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○ Receipts obtained at automatic payment terminals

The GSB provides that VAT must be withheld at the rate of 2.5% on receipts at automatic payment terminals relating to transfers of goods and services by taxable persons.

This amount may be deducted in full, either by the persons covered by the General System or by the persons covered by the Simplified System, respectively, in their periodic tax returns and simplified tax returns.

These amounts must be transferred automatically by the Banking Financial Institutions to the Single Treasury Account within 24 hours of the closing of the accounting period of the automatic payment machines.

These institutions must also submit a monthly file to the General Tax Administration containing a summary of the operations processed by the terminals.

Within 120 days of the entry into force of the 2021 GSB, these institutions must, under penalty of a fine, ensure that the automatic payment terminals made available to their customers withhold the necessary amount.

○ Rates

The GSB 2021 maintains the taxation at the rate of 5% on the importation listed in the table in Annex I of the VAT Code – the basic food basket. This rate was determined by Law 31/20 of 11 August, which approved the revision of the General State Budget for 2020 ("GSB 2020 Revision").

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It is also determined, as was the case in the GSB 2020 Revision, that operating and playing games of chance and social entertainment, as well as their commissions and all related transactions, are to be taxed at a rate of 14%.

The GSB 2021 also adopts the choice made in the GSB 2020 Revision to lower the tax rate on imports of certain agricultural inputs to 5%.

○ Expanding the tax base

With regard to the taxable value for imports, the GSB 2021 provides that VAT is also to be charged on the customs value, determined under the customs legislation, plus the following elements:

- i) Import duties, taxes or fees actually due on importation, except for the VAT itself;
- ii) Ancillary expenses such as packaging, transport, insurance and other charges, including those incurred up to the first place of destination of the goods within the country.

○ Captive Tax

The Tax Administration may, in any circumstance, decide to include or exclude taxpayers from the duty to capture the tax, whenever justified by reasons of protection of public revenues.

Therefore, it is possible to extend to taxable persons other than the oil companies, the State (except for state companies), Banco Nacional de Angola, commercial banks, insurers, reinsurers and telecommunications operators, the obligation to capture the tax contained in the invoice or equivalent document issued by the taxable person upon the supply of goods or provision of services.

Stamp Duty**○ VAT-exempt transactions**

The GSB 2021 establishes that taxable persons subject to VAT under the General System that engage in transactions exclusively exempt from VAT are required to pay Stamp Duty on receipts at the rate of 7%.

The logic behind this amendment is to avoid double non-taxation for VAT and Stamp Duty. In other words, with this amendment, for example, a clinic that falls under the General System and provides only medical and health services, despite being exempt from VAT, will now be subject to Stamp Duty.

"The GSB 2021 establishes that taxable persons subject to VAT under the General System that engage in transactions exclusively exempt from VAT are required to pay Stamp Duty on receipts at the rate of 7%."

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VAT taxpayers under the Simplified System that carry out exempt operations are required to pay Stamp Duty on receipts for any such transaction at the rate of 7%.

The amount paid as Stamp Duty by these persons may be deducted in full from income tax.

Corporate tax: special Industrial Tax withholding rules applicable to the petroleum sector on services provided by non-residents

In the 2021 financial year, the rate of Industrial Tax on the overall value of services provided by legal entities that do not have their registered office, effective centre of management or a permanent establishment in Angola, to oil operators that do have their registered office, effective centre of management or a permanent establishment in Angola, is reduced from 15% to 6.5%.

"In the case of transfers of movable property between spouses or to relatives in the ascending or descending lines, a rate of 0.5% is set for amounts below Kz (AOA) 5 million and a rate of 1% set for higher amounts."

Inheritance and gift tax

In the case of transfers of movable property between spouses or to relatives in the ascending or descending lines, a rate of 0.5% is set for amounts below Kz (AOA) 5 million and a rate of 1% set for higher amounts.

For other transfers, the rate is 1% for amounts up to Kz (AOA) 5 million and 2% for higher amounts.

Exceptional expiry date for tax obligations

The expiry date for tax obligations for the financial year 2015 is extended until 31 December 2021. ■