



APR. 22

ANGOLA

## Tax Benefits Code

Law 8/22 of 14 April approved the Tax Benefits Code (“TBC”). In a single, autonomous piece of legislation that is part of the legal-tax framework, the TBC consolidates the regulation of tax benefits applicable in the Angolan legal-tax system. In doing so, it sets out their definition and classification by sector, and the rules and terms for their application, control and monitoring. The TBC will come into force on 14 May 2022.

### GENERAL PROVISIONS

#### Concept, characteristics and classification of tax benefits

For the purposes of this TBC, tax benefits are considered to be measures of an exceptional nature that provide an advantage or simply tax relief when compared to the normal taxation arrangements. Tax benefits are granted on a temporary and exceptional basis. They can take the form of exemptions, rate reductions, deductions from taxable income for companies and individuals, accelerated depreciation and reintegration, and deferred payment of tax. They can also take the form of other tax measures for the purposes of economic, social, cultural or environmental policy, or any other relevant public interest that justifies non-taxation.

Tax benefits can be automatic when they result directly and immediately from the law, or non-automatic when they depend on one or more administrative acts for them to apply. They can also be personal when granted on the basis of the status of the beneficiary, or real when granted based on the status of the thing in question.

#### Transfer of tax benefits

Personal tax benefits are non-transferable. Real tax benefits are transferable between living persons and upon death, provided the requirements for the benefit are met by the transferee.

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**Tax benefits are considered to be measures of an exceptional nature that provide an advantage or simply tax relief when compared to the normal taxation arrangements.**

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Tax benefits are transferable by the process of merger or demerger or any other form of corporate transformation, provided the company resulting from the merger or demerger maintains the object for which the benefit was granted.

**Extinction of tax benefits**

Tax benefits lapse when the period for which they were granted ends.

The extinction of a tax benefit by revocation does not affect the acquired rights, except if the beneficiary has failed to comply with the obligations imposed or if the benefit was granted illegally.

In the case of non-automatic tax benefits, the effects of the administrative act that recognised them cease when:

- The beneficiary has ceased to make payment of any tax on income, expenditure, consumption or assets, not covered in the act of granting or concerning contributions relating to the Social Security system, and the situation of non-compliance continues for a period of more than 1 year; and
- The tax debt has not been subject to an administrative claim, administrative appeal, judicial review or opposition with suspensive effect.

**Duration and accumulation of tax benefits**

Unless expressly provided otherwise, any tax benefits granted have a maximum duration of 10 years. Under the Contractual Framework for Private Investment, tax benefits may be granted for a period of up to 15 years.

The duration of tax benefits granted to free trade zones coincides with the duration of the corresponding zones.

The accumulation of tax benefits of the same nature, regarding the same taxable event and the same tax is allowed. However, they may be altered after a certain period of time, whenever this results in lower tax expenditure for the State. Moreover, this accumulation cannot result in the enjoyment of a tax incentive regarding the same tax for a period of time exceeding those set out above.

**The extinction of a tax benefit by revocation does not affect the acquired rights, except if the beneficiary has failed to comply with the obligations imposed or if the benefit was granted illegally.**

**ANGOLA****Investment Zones**

For the purposes of granting tax benefits to private investment and micro, small and medium-sized enterprises, the country is organised into development zones:

<b>ZONE A</b>	<b>ZONE B</b>	<b>ZONE C</b>	<b>ZONE D</b>
<b>Province of:</b> <ul style="list-style-type: none"> <li>o Luanda</li> </ul> <b>Capital-Municipalities of the Provinces of:</b> <ul style="list-style-type: none"> <li>o Benguela</li> <li>o Huíla</li> <li>o Municipality of Lobito</li> </ul>	<b>Provinces of:</b> <ul style="list-style-type: none"> <li>o Bié</li> <li>o Bengo</li> <li>o Cuanza-Norte</li> <li>o Cuanza-Sul</li> <li>o Huambo</li> <li>o Namibe</li> </ul> <b>Remaining Municipality of the Provinces of:</b> <ul style="list-style-type: none"> <li>o Benguela</li> <li>o Huíla</li> </ul>	<b>Provinces of:</b> <ul style="list-style-type: none"> <li>o Cuando Cubango</li> <li>o Cunene</li> <li>o Lunda-Norte</li> <li>o Lunda-Sul</li> <li>o Malanje</li> <li>o Moxico</li> <li>o Uíge</li> <li>o Zaire</li> </ul>	<b>Province of:</b> <ul style="list-style-type: none"> <li>o Cabinda</li> </ul>

**Requirements for the granting of tax advantages**

Taxpayers can only access the benefits provided for in the TBC if they have their tax situation in order.

**TAX BENEFITS IN PARTICULAR**

In this regard, the following aspects of the TBC now approved merit special mention:

**Income arising from instruments traded on a regulated market**

Profits attributed to (i) shareholders of commercial or civil companies under a commercial form, and (ii) the repatriation of profits attributable to permanent establishments of non-residents in the country, regarding shareholdings that are traded on an Angolan regulated market, benefit from a 50% reduction of the rate of Investment Income Tax (*Imposto sobre Aplicação de Capitais* - "IAC"), applicable for a period of 5 years, as from the admission of the shareholdings to trading on a regulated market.

There is an exemption from Investment Income Tax for any profits or dividends distributed by a company with capital traded on a regulated market, with registered office or effective centre of management in Angola to a beneficiary that is a legal person, or equivalent, with registered office or effective centre of management in Angola subject to Corporate Income Tax. This applies even if the beneficiary is exempt from Investment Income Tax, provided it holds in the share capital of the entity distributing the profits or dividends a shareholding of not less than 25%, for a period exceeding one year prior to the distribution of the profits or dividends.

**ANGOLA****Job creation**

Without prejudice to the provisions of the Corporate Income Tax Code (*Código do Imposto Industrial*) and the Employment Income Tax Code (*Código do Imposto sobre o Rendimento do Trabalho*), the taxpayers of these taxes who have accounting, the simplified accounting model or a sale and purchase ledger may deduct the charges relating to the remuneration of the jobs created, in the financial year in question.

**It is possible to deduct the charges relating to the remuneration of the jobs created.**

The jobs created are considered to be the positive difference between the jobs existing at the beginning and end of the financial year, proved by means of deductions paid to the National Social Security Institute, and they are also subject to the prior registration of the employer and employee at the job centres.

The following amounts may be deducted per job created (the benefit is calculated monthly):

- i) 3 times the lowest civil service salary per job created in Zones A and B;
- ii) 6 times the lowest civil service salary per job created in Zones C and D;
- iii) 7 times the lowest civil service salary per job created for disabled people, whose degree of disability or incapacity is equal to or greater than 50%, as proven by the presentation by the taxpayer of documentation issued for this purpose by the competent authority.

The costs arising from the application of the benefits will be included in the calculation of the taxable income for the year to which they refer, or for the year in which the employee completes one year of service. In cases where the contractual relationship ends before the deadline of 1 year of service, the benefit is applied proportionally to the period of employment, provided it is longer than 6 months.

The benefit is doubled when the position created is occupied by a woman.

**Professional internships**

Regardless of the provisions of the Corporate Income Tax Code and the Employment Income Tax Code, the taxpayers of these taxes may increase, by 50% of the lowest civil service salary, the tax-deductible costs incurred in hiring young people for professional internships in companies or for scientific research and investigation, defined in specific regulations, with a minimum duration of 6 months and a maximum of 1 year.

The increase is raised to 60% in cases where the people hired are women or persons with disabilities. The above costs are included in the calculation of the taxable income of the tax year to which the internship contract relates.

**Professional training**

Without prejudice to the provisions of the Corporate Income Tax Code and the Employment Income Tax Code, the taxpayers of these taxes can increase the tax-deductible costs of training employees by 25%.

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To award this benefit, the costs of professional training carried out in the country by a duly certified institution are considered.

The above costs are included in the calculation of the taxable income of the financial year in which the course was attended, and the cost of the increase cannot exceed AOA (kwanza) 1 million.

To exercise the right to the benefit, the taxpayer must send proof of the employee's enrolment in vocational training, the invoice and the certificate or equivalent document attesting to its conclusion.

**ENVIRONMENTAL TAX BENEFITS****Use of electric vehicles**

Electric vehicles enjoy the following tax benefits:

- i) Reduction by 50% of Customs Duties on import;
- ii) Reduction by 50% of Motor Vehicle Tax.

The tax benefits applicable to the acquisition and use of electric vehicles are in force until 2032, after which the general taxation rule applies.

**Electric vehicles enjoy tax benefits such as the reduction by 50% of Customs Duties on import.**

**Production and use of renewable energy**

Any buildings exclusively used to produce energy from renewable sources benefit from a 75% reduction in Property Tax (*Imposto Predial* - "IP") for their acquisition and 50% reduction for the ownership.

Renewable energy is understood to be energy produced using natural resources or events that are naturally replenished, such as sun, wind, rain, seas or geothermal energy.

The rate reduction must be requested by the taxpayer at the Tax Office for the area where the property is located, and it begins in the year in which the effective allocation of the property to the production of energy from renewable sources is confirmed.

The rate reduction is in force while the property continues to be used to produce energy from renewable sources, and the taxpayer is obliged to communicate the end of this use to the Tax Office of the area where the property is located, within 30 days of the end date.

Corporate Income Tax taxpayers engaged in the production and sale of energy from renewable sources will benefit from a 35% reduction in the final rate of assessment of the Corporate Income Tax and a 60% reduction in the rate of the Investment Income Tax. The reduction covers only income from the production and sale of renewable energy, and the taxpayer must submit the corresponding tax returns by submitting the accounting instruments by cost centre and general analytical balance sheet by activity.

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These benefits are in force for a period of four years, as from the date of effective production.

**Tax benefits for the financial system and capital market**

Tax benefits have been introduced for the financial system and the capital market, specifically for savings and collective investment undertakings, and changes have been made to the rules previously in force.

**TAX BENEFITS FOR SAVINGS****Pension funds**

Pension funds that are established and carry on their activity in accordance with Angolan law, enjoy:

- i) A reduction in the Corporate Income Tax rate to 14%;
- ii) A 50% reduction in Property Tax on the transfer, ownership and rents (applicable for a period of 2 years from the date of acquisition of the properties).
- iii) An exemption from Investment Income Tax on the income from the funds.

Income, including reimbursements paid by pension funds and other complementary social security schemes, which exclusively guarantee retirement, disability, survival, incapacity for work, unemployment and serious illness, benefit from a 50% reduction of the Investment Income Tax. The reimbursements that originate from the contributions of the beneficiaries are exempt from the Investment Income Tax.

The tax benefits are valid as long as the pension fund remains in existence.

**Savings funds**

Savings funds enjoy the tax benefits provided for Collective Investment Undertakings: a reduction of the rate of Corporate Income Tax from 25% to 10% or 15%, depending on whether they are securities or real estate undertakings, respectively.

The amounts paid by savings funds, even in the event of the death of the participant, benefit from a reduction of 50% in the Investment Income Tax rate.

**Capitalisation life insurance**

Income from capitalisation life insurance enjoys the following tax benefits:

- i) Reduction of the Investment Income Tax rate by 50% when the maturity is between 3 and 6 years;
- ii) Reduction of the Investment Income Tax rate by 80%, when the maturity is greater than 6 years.

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**The interest paid on deposits made by non-residents in Angolan financial institutions, of AOA (kwanza) 50 million or more, with maturity of 2 years or more, benefits from a 60% reduction in the IAC rate.**

**Deposits made by individuals**

The interest on deposits made by individuals, with maturity equal to or greater than 2 years and without the possibility of redemption before that period, benefits from a reduction of 50% in the rate of Investment Income Tax.

**Deposits made by non-residents**

The interest paid on deposits made by non-residents in Angolan financial institutions, of AOA (kwanza) 50 million or more, with maturity of 2 years or more, benefits from a 60% reduction in the IAC rate.

**TAX BENEFITS FOR COLLECTIVE INVESTMENT UNDERTAKINGS (“CIUS”)**

Collective investment undertakings enjoy the following Corporate Income Tax benefits:

- i) Reduction of the Corporate Income Tax rate to 10% for securities CIUs.
- ii) Reduction of the Corporate Income Tax rate to 15% for real estate CIUs.
- iii) Reduction by 50% of the Property Tax rate on the transfer of real estate and ownership of non-rented real estate for a period of one year as from the date of acquisition of the real estate.
- iv) Stamp Duty exemption on capital increases.

In turn, holders of units in CIUs benefit from an exemption from Investment Income Tax on income received or made available to them that results from redemptions, distributions of profits and capital gains, or losses calculated on the allocation of the units in question.

**TAX BENEFITS FOR PRIVATE INVESTMENT, FREE ZONES, CAPITALISATION OF COMPANIES, AND FOR MICRO, SMALL AND MEDIUM ENTERPRISES****Incentives for private investment**

Tax incentives in this area apply to private investments made under the terms of the current legislation that regulates private investment. The private investment rules are set out in the Private Investment Law and they include rules on prior declaration, the special arrangements, and the contractual arrangements.

**ANGOLA****1) Tax benefits for private investment under the prior declaration scheme**

Private investment under the prior declaration scheme enjoys the following tax benefits:

- i) Reduction of the Property Tax rate by 50% for the acquisition of real estate intended for the office and the establishment of the investment;
- ii) Reduction of the Corporate Income Tax rate by 20% for a period of 2 years;
- iii) Reduction of the Investment Income Tax rate on the distribution of profits and dividends by 25% for a period of 2 years;
- iv) Reduction of the Stamp Duty rate by 50% for a period of 2 years.

**2) Tax benefits granted to private investment under the special scheme**

Private investment under the special scheme enjoys the following benefits:

- i) Reduction of the Property Tax rate for the acquisition of property destined for the office and establishment of the investment by 50% (for Zone A), 75% (Zone B), 85% (Zone C) and half of the rate resulting from the application of the rate for Zone C (Zone D);
- ii) Reduction of the Property Tax rate for the possession of real estate destined for the office and establishment of the investment by 50% for a period of 4 years (for Zone B), 75% for a period of 8 years (Zone C) and half of the rate resulting from the application of the Zone C rate for a period of 8 years (Zone D);
- iii) Reduction of the Corporate Income Tax rate by 20% for a period of 2 years (for Zone A), 60% for a period of 4 years (Zone B), 80% for a period of 8 years (Zone C), half of the rate resulting from the application of the Zone C rate for a period of 8 years (Zone D);
- iv) At the level of Corporate Income Tax, an increase of 50% in the rates of amortisation and reintegration for a period of 4 years (for Zone B) and 8 years (Zones C and D) is also introduced.
- v) Reduction of the rate of Investment Income Tax on the distribution of profits and dividends by 25% for a period of 2 years (for Zone A), 60% for a period of 4 years (Zone B), 80% for a period of 8 years (Zone C) and half the rate of Zone C for a period of 8 years (Zone D).

**3) Benefits of the contractual arrangements**

For private investments made under the contractual arrangements, the following tax benefits may be granted, with the exception of Value Added Tax ("VAT"):

- i) Reduction of the rates of Corporate Income Tax, Property Tax, Investment Income Tax and Stamp Duty, for a period of up to 15 years;
- ii) Tax credit of up to 50% of the investment value, for a period of 10 years;
- iii) Increase of the depreciation and reintegration rates up to 80%, for a period of 10 years (for Zones B, C and D);

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- iv) Deferment of tax payment;
- v) Consideration as a cost of 80% of the amount of investment expenses to create infrastructure necessary to implement the project, which, by nature, should be provided by the State.

**4) Benefits granted to public-private partnerships**

Public-private partnerships where the State has a majority shareholding can benefit from the tax incentives referred to above for the prior, special and contractual declaration arrangements, with the necessary adaptations, upon recognition by the General Tax Administration. The benefits must be requested by the private partner and supported by a favourable opinion from the public partner.

**TAX BENEFITS FOR FREE TRADE ZONES**

Companies that carry out investment operations in Angola's Free Trade Zones benefit from the following tax incentives:

- i) Reduction of the Corporate Income Tax rate to 15%;
- ii) Reduction of the Corporate Income Tax rate to 8% for commercial, industrial or service activities exclusively oriented towards exports outside the customs territory;
- iii) Exemption from Investment Income Tax on profits generated by operations in Free Trade Zones distributed to shareholders of the companies;
- iv) Reduction of the Investment Income Tax rate to 5% for users of Free Trade Zones on payments of royalties, interest and any other remuneration for services, technical assistance, technology transfer, loans and financing, equipment rental and full service from third countries;
- v) Exemption from Property Tax for the acquisition of real estate in the Free Trade Zone intended to promote investment operations, and exemption from Property Tax for the ownership of real estate located in the Free Trade Zones intended for the office and establishment of the investment;
- vi) Exemption from payment of customs duties on the import, export and re-export of goods, capital goods, accessories and other tangible assets, except for fees due for the provision of services;
- vii) Income derived from activities exclusively involving agriculture, aquaculture, bee-keeping, poultry, livestock, fishing and forestry, with the exception of timber exploitation, benefit from a reduction in the rate of Corporate Income Tax to 8%.

**Companies that carry out investment operations in Angola's Free Trade Zones benefit from exemption from Investment Income Tax on profits generated by operations in Free Trade Zones distributed to shareholders of the companies.**

**ANGOLA****TAX BENEFITS FOR THE CAPITALISATION OF COMPANIES  
(CONVENTIONAL REMUNERATION OF SHARE CAPITAL)**

Upon authorisation of the Tax Administration, in determining the taxable income of companies with registered office or effective centre of management in Angola, an amount corresponding to the agreed remuneration of the share capital may be deducted. This amount is calculated by applying a rate of 5% to the amount of contributions made up to AOA (kwanza): 8 million, by cash payments or through the conversion of capital contributions or loans from shareholders, as part of the share capital increase, provided that:

- i) the taxable income is not determined by indirect methods;
- ii) The beneficiary company does not reduce its capital stock with reimbursement to the shareholders, in the taxable period in which the contributions for the purposes of the agreed remuneration of capital stock are made, or in the 5 following taxable years.

This deduction applies only to contributions made in cash, as part of the capital of the beneficiary company, or in kind, as part of an increase in the company's capital that corresponds to the conversion of capital contributions or loans from shareholders that have actually been provided to the beneficiary company in cash.

These arrangements do not apply if, in the tax period or in the 5 previous ones, they have been applied to the beneficiary company or to the company that directly or indirectly owns a stake in the share capital of the company that has benefited from these arrangements.

**TAX BENEFITS FOR CORPORATE RESTRUCTURING**

Companies that reorganise as a result of restructuring operations or cooperation agreements, under the terms of the applicable legislation, may be granted an exemption from or a reduction in the Property Tax rate on transfers of real estate not intended for residential purposes that are necessary for restructuring operations or cooperation agreements.

The tax benefits must be recognised by the Tax Administration and this is done at the request of the companies concerned. Requests must be sent by the date of submission for registration of the acts necessary for restructuring operations or cooperation agreements or, in the absence of registration, by the date the changes take legal effect.

These arrangements apply to restructuring operations or cooperation agreements that involve companies with registered office, effective centre of management or domicile in Angola.

**TAX BENEFITS FOR MICRO, SMALL AND MEDIUM ENTERPRISES  
(“MSMES”)**

MSMEs are entitled to a reduction in the Corporate Income Tax rate, for a period of 2 years (renewable), under the following terms:

- i) Micro enterprises: payment of 2% on gross sales, on a monthly basis, with payment of the tax by the 15th day of the following month;
- ii) Small and medium enterprises: the rate was reduced by 10% (for Zone A), 20% (Zone B), 35% (Zone C) and 50% (Zone D).

**ANGOLA****TAX BENEFITS FOR PATRONAGE**

The value of donations made by patrons, under the terms of the applicable legislation, is deductible from the taxable income of Corporate Income Tax or Employment Income Tax, when the taxpayers of these taxes have accounting, the simplified accounting model or a purchase and sales ledger, up to the limits of:

- i) 40% of taxable income, in the case of donations to the health sector or the information society, works, social, cultural, educational, sports, environmental, youth, scientific, technological projects;
- ii) 30% if the donations are made to the patron's own employees or own household.

**The value of donations made by patrons, under the terms of the applicable legislation, is deductible from the taxable income of Corporate Income Tax or Employment Income Tax.**

**Tax deduction on the acquisition of works of art**

The costs of acquiring works of art created by Angolan artists now have to be documented with an invoice or equivalent document. This must be done under the terms of the Legal Framework for Invoices and Equivalent Documents for the purposes of the corresponding tax deductibility. Deductions can be made up to a limit of 1% of the net profit of the year in which the acquisition is made. The deduction only applies only to companies with organised accounting that are not engaged in the sale of works of art.

**OTHER TAX BENEFITS**

In addition to the tax benefits already highlighted, other tax benefits have been provided for *(i)* disabled people, military veterans, *(ii)* public utility associations, *(iii)* cooperatives, *(iv)* political parties.

Other general provisions

The provisions of the TBC are not applicable to tax benefits granted under the special taxation arrangements for petroleum and mining activities. These are governed by the specific legislation that created them.

The provisions of the General Tax Code, the Tax Enforcement Code, the Tax Procedure Code and other applicable legislation apply to the TBC on a subsidiary basis. ■