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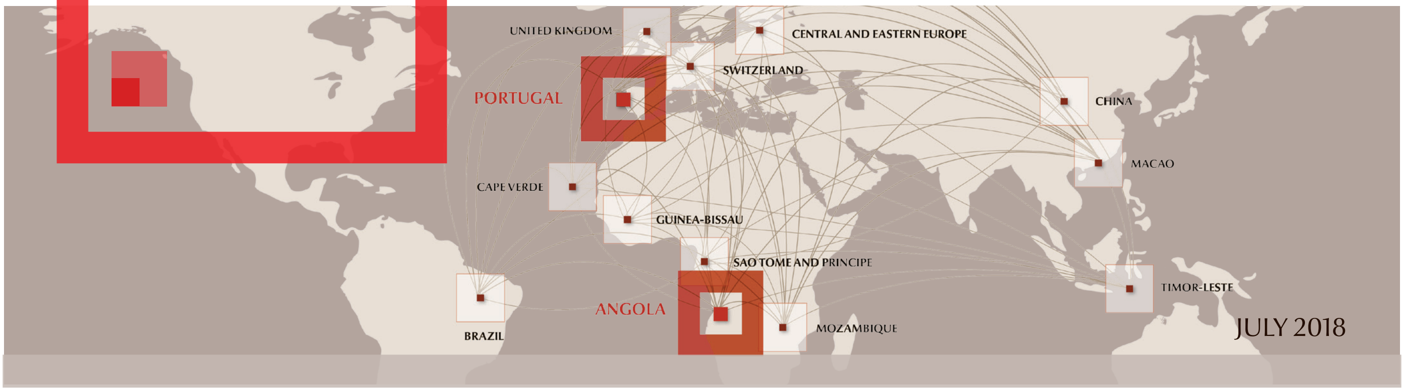

JULY 2018

THE NEW PRIVATE INVESTMENT LAW

The New Private Investment Law was approved by Law no. 10/18, of 26 June ("PIL"). It was recently enacted and revokes Law no. 14/15, of 11 August. The new law aims to adapt the legal and institutional framework envisaging the promotion, capture and quick approval of private investments, both for internal and for external investments.

The PIL shall apply to private investment projects irrespective of the amount, unlike the previous law, which established a threshold for internal investments. In other words, the framework applies to investment projects of any amount, foreign or national.

The PIL has several changes when compared to the previous law. For example, there is no longer an obligation for Angolan partnerships in investment projects, which was set out in the previous 2015 law for specific sectors. In addition, external investors can now make an investment by converting credits arising from operation of goods and using funds locally in Angola, in Kwanzas or other currency.

The PIL also reinstates a type of procedural regime already used in the private investment law of 2003 (in force until 2011). Notably, the PIL sets out the prior declaration regime, which is alongside the special regime.

The prior declaration regime entails the presentation of an investment proposal to the competent entity, for the purposes of granting benefits and registration. Two important innovations of this regime are (i) the automatic granting of benefits provided by law and (ii) the previous incorporation of the investment vehicle company. We expect that the details of the prior declaration procedure will be set out in the regulation of the PIL, in order to grant investors (especially external investors) the necessary security, since the investors shall have to incorporate the company before submitting the project for approval.

The special regime is applicable to private investments made in the priority sectors and development zones. The investor may, when possible, choose between the two applicable regimes.

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For purposes of incentives, the PIL sets out the sectors which are considered to be a priority, namely: (i) education, technical and professional training, college education, scientific research and innovation, (ii) agriculture, food and agro-industry, (iii) specialized health units and services, (iv) reforestation, industrial processing of forest resources and silviculture, (v) textiles, clothing and footwear, (vi) hospitality, tourism and leisure, (vii) construction, public works, telecommunications and information technology, airport and railway infrastructures, (viii) production, and distribution of electricity, and (ix) basic sanitation, collection and treatment of solid waste.

As expected, the benefits applicable to the special regime are wider, and the reduction of the applicable tax rate depends on the development zone where the investment project is located. Regarding the prior declaration regime, the PIL includes benefits regarding Industrial Tax, Real Estate Transfer Tax, Capital Gains Tax and Stamp Duty. The special regime includes benefits regarding Real Estate Transfer Tax, Urban Property Tax, Industrial Tax and Capital Gains Tax.

Other important note concerns the limited time of the benefits. The PIL expressly states that the benefits expire after 10 years or *"upon tax savings not paid to the State in an amount equal to the investment made"*.

The PIL is not applicable to investments approved before the date when it came into force. However, investors may require the submission of the approved projects under the new legal framework. Regarding the benefits already granted, these shall remain in force for the period agreed and their renewal is not allowed.

The PIL shall be subject to regulation, which will define the process to approve the investment projects and the competent entities to that effect. We anticipate that, considering the extinction of the Technical Units to Support Private Investment and the creation of the Private Investment and Exportation Promotion Agency, the investment procedure will be centralized in this entity, without prejudice to the President's competence of approval.

FUNDAÇÃO PLMJ

LINO DAMIÃO - ANGOLA
Na Boca do Povo II, 2012 (detail)
Pasta para modelagem, impressão serigráfica, acrílico e colagem sobre tela
113 x 130 cm
From the Collection of the PLMJ Foundation