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ANGOLA

NEW PRIVATE INVESTMENT LAW AND REGULATORY INVESTMENT AGENCY

I - PRIVATE INVESTMENT LAW

HOT OFF THE PRESS: The Angolan National Assembly approved the new private investment regime by means of Law 10/18, of 26 June 2018 ("**2018 PIL**").

The revamp of the investment rules and regulations is part of the Government efforts to increase both foreign and national investments, de-bureaucratizing procedures and creating fast track systems.

The 2018 PIL drops the following key innovations and features:

- **Scope**: applies to all national and foreign private investments, irrespective of the investment amounts.
- **Eligibility to tax and customs benefits/incentives and other facilities**: not subject to minimum investment thresholds (future regulations may crease limitations).
- **Foreign investment operations**: in addition to the traditional ones, the (i) set-up and registration of local branches or other forms of local representation and (ii) conversion of credits resulting from (unpaid) supplies of equipment and goods, now qualify as foreign investment operations.
- **Local content:** local content restrictions were eliminated (only remaining the ones resultant from industry specific legal statutes, such as on oil & gas, mining, banking and financial services, aviation, shipping, etc.).
- **Transfer of profits and dividends**: foreign investors remain entitled to repatriate dividends or profits distributed, the proceeds from liquidation of their investments (capital gains included), the amounts resultant from indemnities, royalties or other indirect investments associated with technology transfers; the right to repatriate depends on the full implementation of the investment and full compliance with tax obligations.
- **Surtax on Capital Investment:** tax levied on the portion of dividends exceeding the investor's capital contributions in local SPVs (formerly ranging from 15% to 50%) was eliminated.

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- **Priority Sectors**: agriculture, food & agroindustry; health care units and related services; reforestation and industrial processing of forest resources, silviculture; textile, clothing & footwear (TCF); lodging, tourism & leisure; civil construction & public works, telecoms & IT, airport and railway infrastructures; power production and supply; education, professional and educational training, scientific research and ID; water supply and waste collection and management.
- **Indirect Investment:** capital and finance investments in shares and debt securities was added to shareholders loans, supplementary capital contributions, proprietary technology, technical processes, industrial secrets and models, franchising, registered trademarks and other forms of access to their use; indirect investment remains capped at 50% of the overall investment amount.
- **Shareholders loans:** capped at 30% of the overall investment, reimbursable only after 3 years.
- **Financing**: foreign investors and companies majority owned by foreign investors are only eligible to take domestic financing upon full implementation of their investment projects.
- **Financial Benefits**: new concept which includes governmental financing programs (micro funding, privileged interest rates, public collaterals and risk capital) and administrative support (simplified and privileged access to business and operational licenses or assets of private domain of public entities).
- **Reinvestment**: special benefits awarded to reinvestment projects, in terms still to be regulated.
- **Procedural regimes:** investors are free to opt by one of the following regimes:
  - <u>Prior-declaration Regime</u>: applicable to investments not falling within the scope of priority sectors; investors may incorporate their local entities prior to the filing of investment proposals.
  - <u>Special Regime</u>: applicable to investments in priority sectors; SPVs incorporated under this regime are exempted from payment of taxes and fees (customs duties included) for a period of up to 5 years.
- **Zones of Investment**: 4 territorial investment developing zones for tax and customs incentives purposes.
- **Tax and Customs Incentives**: tax incentives vary depending on a number of criteria, including investment procedural regime followed, nature of the tax (conveyance tax, industrial tax, investment income tax or stamp duty) and investment zone; tax savings can amount to up to 85% (for stamp duty) and be granted up to 8 years.
- **Fines:** 1% of the investment amount (other ancillary penalties may also apply).
- **Effective date and Implementation**: the 2018 PIL entered into force on the date of its gazetting, but its effective implementation depends on the enactment of future regulations, which are due soon.

II - AIPEX - NEW REGULATORY INVESTMENT AGENCY

- By means of Presidential Decree 81/18, of 19 of March, the President of the Republic of Angola has extinguished the authorities formerly responsible for the administration, direction and monitoring of private investment projects and created a new Agency of Private Investment and Promotion of Exportation ("**AIPEX**")
- The ultimate goal of the Angolan Government with this change was to accelerate and facilitate the implementation of private investments, promote exportations and increase competition.

- The following authorities were extinguished:
  - APIEX (Agency for Promotion of Investment and Exportations)
  - UTIP (Technical Unit for Private Investment)
  - UTAIP (Ministerial Technical Units for Support of Private Investment)

- All the powers and authority vested in the above authorities are now with AIPEX, which is the sole investment regulatory entity.