

October 2019

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### ANGOLA | VALUE ADDED TAX

#### SPECIAL CUSTOMS, PORT AND SUPPLY OF GOODS FRAMEWORK FOR THE PROVINCE OF CABINDA

Law 22/19, of 20 September 2019, enacting the Special Customs, Port and Supply of Goods Framework for the Province of Cabinda (the “Framework”) was approved hot on the heels of the Value Added Tax Code (“VAT”). Both acts come into force today, 1 October 2019.

The Framework seeks to bring the current framework in line with new VAT Code measures and applies to imports of goods into and supplies of goods for consideration to the Province of Cabinda, irrespective of their origin. You should take particular account of the following rules:

- The Framework does not apply to O&G companies, companies already enjoying tariff benefits under the law, and certain specific goods including passenger cars, alcoholic drinks, tobacco, all kinds of jewelry, clocks and watches and hunting guns.
- Goods imported under this regime will pay 2% customs duty. Foodstuffs originating from neighboring countries and brought into Cabinda in non-commercial quantities for own consumption in the context of border trade may be exempt or just pay 1% customs duty.
- Goods imported under the Framework and supplies of goods subject to VAT will be taxed at a reduced rate of 2%. This rate does not apply to supplies of services.
- The Framework does not allow goods intended for consumption imported and available in Angola after customs clearance and that have paid (or are otherwise exempt) any customs duties and charges, to leave the Province of Cabinda without first performing the applicable customs obligations, namely paying any differences in customs duties and charges applicable when circulating to other Angolan provinces.
- This is one way of ensuring that the reduced VAT rate of 2% only applies to goods imported to and sold in the Province of Cabinda. If the goods are sold in any Angolan provinces other than Cabinda, operators will need to settle VAT at a rate of 12%, which is the difference between the reduced (2%) rate initially paid and the general VAT rate (14%) applicable in Angola.
- The export of these goods is subject to the Customs Tariff in place from time to time.