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### ANGOLA | VALUE ADDED TAX

#### EFFECTIVENESS AND SCOPE

The Value Added Tax Code ("VAT Code"), approved by Law No. 7/19, was published in the Official Gazette of 24 April.

This publication ensures that the act will enter into force on time.

As from 1 July 2019, VAT will be fully applicable to:

- taxable persons registered with the Tax Office for Large Taxpayers;
- taxable persons registered with other Tax Offices that chose to be immediately subject to the general VAT regime (provided that they meet certain conditions);
- imports of goods.

Entities that have not chosen to be immediately subject to the general VAT regime and have a turnover or perform import operations in excess of the equivalent of USD 250,000.00 will be subject to a transitional taxation regime in 2019 and 2020.

VAT will apply fully to all taxpayers in 2021.

The Government has yet to enact legislation on VAT refunds and changes to official accounting plans.

#### RATE, EXEMPTIONS AND CAPTIVE VAT REGIME

VAT has a flat rate of 14% and includes exemptions for some products of the basic basket, supplies of oil products, supplies of medicines intended exclusively for therapeutic and prophylactic purposes, among others.

We also highlight the captive VAT regime, which translates into the withholding (and payment to the Treasury) by the purchaser of goods and services of the VAT assessed on those supplies and included in the invoice or equivalent document.

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The captive VAT regime applies to oil companies, the State and local authorities (except state-owned enterprises), which must withhold 100% of the VAT charged on the goods and services they acquire, as well as the National Bank of Angola, to commercial banks, insurers and reinsurers and telecommunications operators, which must withhold 50% of the VAT charged on the goods and services they acquire. However, the captive VAT regime does not apply to services provided by commercial banks.

#### **VAT, CONSUMPTION TAX AND STAMP DUTY**

The Consumption Tax Regulation is hereby repealed. By regulating how VAT is to be applied to supplies of goods on which Consumption Tax has already been levied, Law No. 7/19 of 24 April clarifies that VAT should be applied on the supplies of those goods. However, in order to avoid price distortions, the Consumption Tax levied is fully deductible from the taxpayers' taxable basis for income tax purposes in the year in which the goods are supplied. This deduction can only be made until the 2020 financial year.

The new tax also implies, among other, changes to the Stamp Duty Code, namely repealing the Stamp Duty on the receipt of discharge and providing for Stamp Duty exemptions on financial transactions, leasing, repurchase agreements, insurance and reinsurance transactions subject and non-exempt from VAT.

**VdA Legal Partners promotes a set of initiatives to disseminate, clarify and prepare for the implementation of the new tax from February 2019. If you are interested, please contact us [here](#).**