

ANGOLA

DRAFT LAW – TAX BENEFITS CODE

VdA EXPERTISE



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Parliament has approved the Draft Law on the Tax Benefits Code (the "Act"), which seeks to bring together in a single act every tax benefit existing in Angola, their rules and conditions.

Repeal of tax benefit rules

- Certain acts granting tax benefits will be partially repealed upon the entry into force of this Act, including: the Private Investment Act; the Micro, Small and Medium-Sized Enterprises Act; the Patronage Act; The Political Parties Funding Act; the Angolan Private Entrepreneurship Act; the Capital Gains Tax Code, to name a few.

The general provisions of the Act establish the rules on the grant and acknowledgment of Tax Benefits, supervision, obligations regarding tax returns, and the transfer, cancellation, duration, and cumulation of Tax Benefits.

Definition

- Tax Benefits are measures of an exceptional nature entailing an advantage or a simple tax relief relative to the standard taxation scheme.
- According to the Act, Tax benefits can only be granted on a transitional and exceptional basis by way of tax exemptions, rate reductions, deductions from the taxable income, tax deductions, accelerated depreciation and reinstatement, deferred payment of tax and other tax measures with economic, social, cultural, and environmental purposes.

Duration and cumulation of Tax Benefits

- As a rule, any Tax Benefits granted have a maximum 10-year duration, except under the Private Investment Contractual scheme, where Tax Benefits can be granted for a 15-year period.
- Tax Benefits of the same nature can be cumulated regarding the same taxable event and the same tax.

The special provisions of the Act establish several Tax Benefits for the social, environmental, financial sector, private investment, free zones, capitalization and corporate restructuring, micro, small, and medium-sized enterprises ("MSME"), patrons, among others.

Tax Benefits in connection with the creation of jobs, internships, and professional training

- It is worth noting that under the Tax Benefits granted to companies (Article 14), taxable persons will be able to start deducting between 3 and 7 minimum civil service wages per job position for industrial tax and personal income tax purposes.

Tax Benefits in connection with Private Investment

- We would also like to highlight the new scheme applicable to Tax Benefits in connection with private investment projects (following recent amendments to the Private Investment Act), which subdivides Tax Benefits in accordance with the three (3) different schemes available under the Private Investment Act: (i) prior declaration scheme; (ii) special scheme, and (iii) contractual scheme. The benefits are granted by way of reductions to the property, industrial, capital gains taxes, and stamp duty, among others.

Tax Benefits in connection with micro, small, and medium-sized enterprises

- MSME are also entitled to a reduction of the industrial tax rate for a renewable period of two (2) years. The rate reduction varies in accordance with the zones where the small and medium-sized enterprises are located, unlike micro enterprises, which enjoy a 2% flat rate on gross sales.



Free Zones

- Tax and customs incentives are available for companies operating in Angola's Free Zones.

Other Benefits

- Income from instruments negotiated on a regulated market
- Environment-related tax benefits (use of electric cars, generation and use of renewables)
- Benefits for the Financial System and Capital Markets (special schemes for pension funds, savings funds, deposits, Collective Investment Undertakings).

- Benefits for the capitalization of companies and corporate restructuring operations
- Tax Scheme applicable to Patronage
- The Act establishes other Tax Benefits, including benefits for public use associations, benefits for cooperatives, and customs benefits for political parties.

Contacts



ANGOLA@VDALEGALPARTNERS.COM