

TAX

VAT CODE: AMENDMENTS AND REPUBLICATION

VdA EXPERTISE



January 2024

Law no. 14/23, of 28 December 2023, was published, amending and republishing the Angolan VAT Code. The main changes are highlighted below.

VAT REGIMES

Scope of application of VAT regimes::

- **Exclusion VAT Regime:** taxable persons who have a turnover or volume of imports of less than AOA 25,000,000.00;
 - **Simplified VAT Regime:** taxable persons who, in the previous financial year, had a turnover or volume of imports equal to or greater than AOA 25,000,000.00 and less than AOA 350,000,000.00.
 - **General VAT Regime:** taxable persons who, in the previous financial year, had a turnover or volume of imports equal to or greater than AOA 350.000.000,00; taxable persons in the manufacturing industry who, in the previous 12 months, had a turnover or volume of imports of AOA 25,000,000.00 or more; taxable persons who opt for voluntary inclusion in the General VAT Regime.
- Supply of medical equipment and materials, in accordance with Annex IV to the VAT Code;
 - Imports of goods for donations to the State and its organisations, as well as to Local Authorities.

DISCOUNTS

The VAT Code provides for the exclusion of commercial discounts or rebates mentioned on invoices from the taxable amount of transactions, with bonuses or rappel discounts not being considered as discounts for this purpose.

A “bonus” should be understood as a benefit or reward awarded to the customer for having purchased goods or services and “rappel discount” should be understood as a discount awarded to the customer for having reached a certain pre-established volume of purchases.

REDUCED VAT RATES

The VAT Code now incorporates the following reduced rates:

- **7%** for the Simplified VAT Regime;
- **5%** for imports and supplies of widely consumed foodstuffs and agricultural inputs;
- **1%** for imports and supplies of goods subject to the Special Regime applicable to the Province of Cabinda.

COMMERCIAL OFFERS

The maximum unit value allowed for samples and gifts made for commercial purposes not being subject to VAT is reduced to AOA 32,000.00 (previously AOA 50,072.00).

The maximum overall annual value for such samples and offers not being subject to VAT is increased to AOA 2,000,000.00 (previously AOA 1,999,976.00).

VAT EXEMPTIONS

The VAT Code now provides for VAT exemptions in the following transactions:

- Lease of immovable property (whereas previously it only covered the “lease of immovable property for residential purposes”), excluding the accommodation services in the context of hotel or similar activities;

LATE OR NON-SUBMISSION OF THE PERIODIC VAT RETURN

The late submission or the non-submission of the periodic VAT return is now subject to a penalty of AOA 600,000.00 for each infringement.

REPORTING OF BANKING OPERATIONS

Banks are now obliged to report to the Angolan Tax Authority, by electronic data transmission, a quarterly file containing a summary of the transactions processed through automatic payment terminals (ATP).

RIGHT TO DEDUCTION IN OIL OPERATIONS

VAT incurred on transportation services is excluded from the right of deduction.

VAT BAD DEBT RELIEF

The tacit approval of requests for prior authorization associated with doubtful debts, as a result of the Angolan Tax Authority's failure to issue a decision within 6 months, is eliminated.

PAYMENT AND DEDUCTION OF IMPORT VAT

VAT can be deducted up to 12 months after the issue of the invoice or of the payment receipt of the import VAT.

It is now possible, upon request and approval by the Angolan Tax Authority, the deferral for up to 12 months, without any additional legal charges, of the payment of VAT due on the import and supply of industrial equipment by the manufacturer at the start of its activity.

It is also possible to pay up to 12 monthly instalments, without any additional legal charges, of the VAT due on the import or supply of industrial equipment by the manufacturer, regardless of the start of the business activity.

VAT REFUND

The minimum amount for requesting a VAT refund, previously set at AOA 299,992.00 (corresponding to 3.409 UCF), has increased to AOA 700,000.00.

The deadline that the General Tax Administration has to refund VAT can now be extended for a period of up to 6 months, whenever there are indications that the VAT credits resulted of tax crimes.

CAPTIVE VAT REGIME

The VAT Code stipulates that:

- The list of entities subject to the captive VAT regime only covers telecommunications operators with a unified global title (whereas previously it broadly mentioned "telecommunications operators").
- The obligation to withhold ("captive") VAT does not apply to transactions between the following entities: Angolan national Bank, commercial banks, insurance and reinsurance companies and telecommunications operators with a unified global title.
- Whenever VAT is not withheld by these entities, the responsibility for paying the tax reverts to the issuer of the invoice, until the last working day of the month following receipt.
- Public entities, excluding public companies, will now be able to withhold VAT on their import transactions.
- Whenever the VAT that has been assessed and withheld has not been declared, the taxable person is obliged to repay the credit generated by the failure to declare the VAT, by means of a correction.



SIMPLIFIED REGISTRATION FOR NON-RESIDENT TAXABLE PERSONS

Non-resident taxable persons who carry out taxable transactions in Angola and opt for Simplified Registration in the General Taxpayers Register are not required to appoint a tax representative.

The conditions for access and the obligations resulting from the option for the Simplified Registration will be regulated in a separate diploma, to be published.

NEW RULES ON E-COMMERCE

Distance sales of goods, made in the context of international e-commerce, are subject to VAT in Angola, whenever:

- the purchaser has its registered office, domicile or permanent establishment in Angolan territory; or
- the payment has its origin in Angola (i.e., intermediated by a financial institution established in Angola).

In transactions carried out by electronic means, the responsibility for assessing and paying VAT lies with the entities that own or manage the digital or electronic platforms.

Non-resident taxable persons who have, prior to the implementation of the Simplified Registration system, paid VAT on sales or services rendered under international e-commerce, located in Angola, may remit the tax, without any penalty being applied.

ENTRY INTO FORCE

Law no. 14/23 entered into force on the day of its publication, 28 December 2023.

Contacts



ANGOLA@VDALEGALPARTNERS.COM

This is a limited distribution and should not be considered to constitute any kind of advertising. The reproduction or circulation thereof is prohibited. All information contained herein and all opinions expressed are of a general nature and are not intended to substitute recourse to expert legal advice for the resolution of real cases. VdA Legal Partners is an international legal network developed by Vieira de Almeida comprising attorneys admitted in all the jurisdictions covered in accordance with the legal and statutory provisions applicable in each jurisdiction. ASP Advogados is the exclusive member of VdA Legal Partners in Angola.