KPMG

Angola

Fiscal Guide 2015/2016

Tax

kpmg.com

INTRODUCTION

Angola Fiscal Guide 2015/2016

Income tax - companies

Business income

Taxable basis

CIT is levied on the taxable income assessed by companies developing a business activity in Angola, irrespective of the place where such income is obtained.

Whenever a non-resident company is present in Angola for more than 90 days during a given period of 12 consecutive months, such company is deemed to have a permanent establishment herein and is subject to an equivalent tax treatment as if it were a resident company in respect of the income generated in the country.

Resident companies	
Corporation tax	
Corporate Income Tax	30%
Provisional tax payments:	
Sales	2% of the total sales from January to June
Rendering of services	Withholding tax rate of 6.5% on the services provided
Capital gains	
Dividends (earned by resident company):	
» domestic source	10% * / ** / *** / ****
» foreign source	Taxed as business income
Interest (paid by a resident company)	» 15% ** / *** (an exemption is applicable if the income is received by a financial institution subject to CIT) » 10% * / ** / *** – corporate bonds and shareholder loans » 5% * / ** / *** – when the bonds are admitted to trading on a regulated market if maturity is higher or equal to 3 years (10% otherwise)
Royalties (earned by resident company):	
» domestic source	10% * / ** / ***
» foreign source	Taxed as business income

Resident companies (continued)	
Fees (earned by resident company)	Taxed as business income
Services subject to Consumption Tax	5% or 10% rate, depending on the service provided (cost borne by the acquirer)
Rental income (earned by resident company)	15%* (subject to RET at a rate of 25% applicable over 60% of the rent revenues)
Stamp Duty	» 1 % – on receipts » 0.1% to 0.5% – on loans » 0.2% to 0.5% – on interest

* Tax withheld at source.

Corporate Income Tax	30% (in case of a permanent establishment)
Withholding tax as per the Special Regime for the Taxation of Accidental Services: Rendering of services	Withholding tax rate of 6.5% on service income
Capital gains	In some cases, 10%* / ** / *** over the positive difference between sale price and acquisition price (when not subject to CIT or PIT)
Dividends paid by an Angolan resident company	10% * / ** / *** 5% * / ** / *** – when the shares to which the profits relate to are traded on a regulated market (the reduced rate is only applicable for the first five years following the entry into force of the new Industrial Tax Code)
Corporate Income Tax	30% (in case of a permanent establishment)
Withholding tax as per the Special Regime for the Taxation of Accidental Services: Rendering of services	Withholding tax rate of 6.5% on service income
Capital gains	In some cases, 10%* / ** / *** over the positive difference between sale price and acquisition price (when not subject to CIT or PIT)
Dividends paid by an Angolan resident company	10% * / ** / *** 5% * / ** / *** – when the shares to which the profits relate to are traded on a regulated market (the reduced rate is only applicable for the first five years following the entry into force of the new Industrial Tax Code)

Non-resident companies	
Remittance of branch profits	10% * / ** / ***
Interest (paid by an Angolan resident company)	» 15% * / ** / *** – loans » 10% * / ** / *** – corporate bonds and shareholder loans » 5% * / ** / *** – when the bonds are admitted to trading on a regulated market if maturity is higher or equal to 3 years (10% otherwise)
Royalties (paid by an Angolan resident company)	10% * / ** / ***
Services subject to Consumption Tax	5% or 10% rate, depending on the service provided (payment and cost borne by the Angolan company)

* Tax withheld at source.
** Final withholding tax.
*** Tax on Invested Capital.

Reporting obligation

As a general rule, taxable income is determined through the submission of a tax return *"Declaração Modelo 1"* to be delivered annually up to the end of May of the following year.

Payment

Corporate Income Tax must be paid by 31 May of the year following the year for which tax is due, upon the submission of the tax return *"Declaração Modelo 1"*.

Withholding obligation on supplies of services

Special Regime for the Taxation of Accidental Services

Income obtained by entities without head-office, place of effective management or permanent establishment in Angola from services rendered in Angola or to Angolan tax resident entities, regardless of the place where services are rendered, are subject to withholding tax at a rate of 6.5% (over the total value of the service), to be made by the entity paying the income.

Under this regime, the taxable basis will correspond to the global amount of the service rendered.

Being the regime also applicable to transactions between related entities, as defined in the Major Taxpayers Statute, specific rules are foreseen for these transactions, namely in what concerns the recharge of costs (different to what is set out in the provisional tax payments regime applicable to the rendering of services).

New Tax Depreciation and Amortisation Regime

The new depreciation and amortization regime is applicable to the depreciation and amortization of fixed assets that are brought into use from the 2015 fiscal year onwards and its application is made in articulation with the rules set out in the Industrial Tax Code.

Main aspects of this regime

Depreciable assets

Depreciable assets are goods and elements accounted as fixed assets, tangible or intangible, subject to depreciation. Assets are subject to depreciation when they lose value as a result of their use, of time, of technological progress or any other causes.

Main aspects of this regime (continued)

Amortisation and depreciation

Expenditure resulting from the amortization and depreciation of fixed assets, tangible or intangible, subject to depreciation are considered as costs or losses, as defined in the Industrial Tax Code, from the moment they are first brought into use and during the period of time they are being put to use.

Application of the amortisation and depreciation rate and their limits

Costs with the amortization and depreciation of fixed assets are subject, for tax purposes, to the limits resulting from the application of the fixed line depreciation method using the rates established in the Table attached to the relevant law.

The applicable rates are the ones that are established for each business sector as per the said attached Table, except when, in view of the nature of the asset or of business activity carried out, a specific rate is not foreseen, in which case generic rates should apply.

Intangible assets

The amortization of tangible assets in which the useful life period is determine or determinable may not exceed the ones resulting from the International Accounting Standards 38 of the International Accounting Standards Board, namely in what concerns the asset residual value, the revision of its amortization period and method.

New tax provisions regime

The new tax provisions regime in force applies to all commercial companies and entities subject to Industrial Tax.

This regime is not applicable to the provisions registered in fiscal years prior to 2015, though these are to be considered for the application of the accumulated limit of the provisions.

Main aspects of this regime

Rates and limits

The new tax provisions regime establishes the rates and limits of the provisions to be considered for tax purposes, including the provision for bad debts and the provision for inventory losses, considering two different business sectors: Industry and Other Activities (excluding Commerce) and Commerce.

Two rates are established: one applicable to the net amount of the creation/increase of the provision accounted in the Profit & Loss Statement for the year and another applicable to the total amount of the provision reflected in the Balance Sheet at the end of the fiscal year, with the rate determining the lower tax deductibility of the provisions prevailing.

Obligations and expenses derived from judicial proceedings

The creation and increase of the provision for obligations and expenses derived from judicial proceedings related with facts that would determine their consideration for tax purposes, must abide with the following cumulative conditions:

Must be supported by objective documentation and trustworthy information that justifies the nature of the obligations and expenses, the respective year and corresponding amount;
The amount of the obligations and expenses must be accepted for tax purposes.

Main aspects of this regime (continued)

Provision for bad debts

The provision for bad debts is considered deductible for tax purposes when the risk of the underlying credits not being collected is duly justified, namely when:

a) The borrower has pending proceedings or is an circumstance of debtor protection or has execution proceedings, bankruptcy or insolvency, or analogous situations;
b) The credits have been claimed in a judicial court;
c) The credits are overdue for more than six months and actions, duly documented, have been taken for their collection.

Credits that are covered by mandatory insurance or by any collateral (except for the portion that is not covered), credits over shareholder that have a participation in the share capital of at least 10% or over companies that are held in at least 10% [except in situations a) and b) above] and credits over the State and Public Companies (or by these guaranteed) are not eligible for the purposes of this provision.

Inventory losses

For Industrial Tax purposes, the provision for inventory losses corresponds to the difference between the acquisition / production cost reflected in the Balance Sheet at year-end and the market value at the same date, when the latter is lower.

For these purposes, market value corresponds to the replacement cost or acquisition cost, duly justified, for inventory acquired to be included in the production or for sale, respectively, at December 31 of the respective fiscal year.

Major Taxpayers Regime

The Major Taxpayers Regime sets out the rights and obligations of the entities that qualify as Major Taxpayers. The definition of such entities relies with the Minister of Finance, which has published on the 28th of February 2014, and amended on the 24th of March 2014, the list of companies considered as Major Taxpayers.

Transfer pricing rules

According to the transfer pricing regime in force, if the terms and conditions of a related party transaction in which an Angolan taxpayer and its related entity, subject or not to CIT, are not in accordance with the ones that would normally be accepted or practiced between independent entities, the General Tax Administration can adjust the taxable income so that the amount corresponds to the one assessed if no special relations existed.

Please note that Tax Authorities are allowed to perform transfer pricing adjustments for a 5 year period, from the last day of the fiscal year-end.

The new transfer pricing rules are applicable to all in-border and cross-border commercial and financial transactions established between the taxpayer and its related entities beginning or occurring on or after 1 January 2013. Specific rules apply to the definition of a related entity.

The new regime also establishes the main taxpayer's obligations, namely the preparation and submission to the General Tax Administration of the transfer pricing documentation for:

- taxpayers with an annual turnover (defined by the sum of sales and provision of services) equal to or greater than 7 billion Kwanza (=~45 million USD);
- taxpayers included in the Major Taxpayers List; and
- taxpayers developing their activities in the following sectors: financial, oil & gas, diamond and telecommunication.

Transfer pricing rules (continued)

This obligation is foreseen to apply annually, being the transfer pricing documentation submitted by the end of the sixth month after the fiscal year's closing date.

It should be noted that there are no specific transfer pricing penalties in case of failure to present transfer pricing documentation within the timeframe. In this case, the general tax penalties, provided in the Industrial Tax Code will be applied.

The Angolan transfer pricing legislation foresees that the transfer pricing report should contain the following structure: (*i*) executive summary; (*ii*) macroeconomic overview; (*iii*) company description; (*iv*) functional and risk analysis; (*v*) identification of related-party transactions; and (*vi*) economic analyses of related-party transactions.

In order to assess and demonstrate the market price of those, the General Tax Administration only accepts the traditional transfer pricing methods:

- the comparable uncontrolled price method;
- the resale price method; and
- the cost plus method.

Finally, all the information to be submitted to the General Tax Administration should be prepared in Portuguese language.

The recent implementation of the transfer pricing rules in Angola brings out a number of challenges for multinational and local companies operating in Angola. Moreover, some additional questions regarding the Angolan transfer pricing regime are still pending and should be promptly clarified.

Inheritance and endowments

A tax on inheritance and endowments is levied on a sliding scale on the value of goods donated or inherited at rates between 10% and 30%.

Consumption Tax

A Consumption Tax is levied over the acquisition of goods, at rates that may vary from 2% to 65%, as well as over the acquisition of services, to which a rate of 5% or 10% is applicable, depending on the type of services.

The following services are subject to Consumption Tax:

Service	
Water and Energy consumption * / **	5%
Electronic communications services and telecommunications, irrespective of their nature * / **	5%
Hotel services and other activities, to it related or similar * / **	10%
Rental of areas specifically used for storage or collective parking of vehicles	5%
Rental of machines or other equipment, excluding leasing of machines or other equipment which, by their nature, give rise to the payment of royalties as defined in the Tax Code the Capital Application	5%
Rental of areas prepared for conferences, lectures, exhibitions, advertising or other events	5%
Consultancy services, including, in particular, legal, tax, financial, accounting, computing, engineering, architecture, economics, real estate, audit services and lawyers' services	5%
Photography, film processing, image editing, IT and web-design services	5%
Private security services	5%

Service	
Tourism and travel services promoted by travel agencies or equivalent tour operators	5%
Management of commercial establishments, canteens, cafeterias, dormitories, real estate and condominiums	5%
Rental of vehicles	5%

* Excluded from the self-assessment mechanism that applies to operations with non-resident entities.
** Excluded from Consumption Tax framework governing operations with oil & gas companies.

As a general rule, the obligation to assess Consumption Tax falls on the entity providing the services. The amount of the tax due should be added to the amount of the invoice or equivalent document for the purposes of collecting it from the client. The acquirers of the goods and services acquirer should borne the cost of the Consumption Tax.

A self-assessment mechanism is applicable to the acquisition, from non-resident entities, of services subject to Consumption Tax, whenever the acquiring entity has its domicile, head-office, effective place of management or permanent establishment in Angola.

Real Estate Tax

The RET code sets that rents paid by entities responsible for having organized accounting records should be subject to withholding tax, at the effective rate of 15%.

Additionally, for the properties not leased, RET is due at the rate of 0.5% over the tax asset value (*i.e.* registered value of property for tax purposes) exceeding AKZ 5 Million.

Real Estate Transfer Tax

The acquisition of properties located in Angola is subject to RETT, at a 2% rate applicable over the acquisition value.

However, the acquisition of properties for industrial activities can be exempt from RETT.

The acquisition of at least 50% of the share capital of a company may be subject to RETT if it owns real estate in Angola.

Tax on Invested Capital

According to the Tax on Invested Capital Code a rate of 10% is applicable to the distribution of dividends. However, an exemption is applicable if the dividends are distributed by an Angolan company to another Angolan company which holds more than 25% of the share capital of the company for a period longer than 1 year.

Payment of royalties and sale of shares are subject to taxation at the rate of 10% (withholding tax and self-assessment, respectively).

Additionally, interest income is subject to Tax on Invested Capital at the rate of 5%, 10% or 15%.

Stamp Duty

Stamp Duty is levied on the acts, deeds, documents, papers, receipts and other transactions included in the Stamp Duty table. Amongst others, Stamp Duty is due at the rate of 1% over receivables.
Credit operations between non-financial entities are also subject to stamp duty at rates varying from 0.1% and 0.5% (depending on the loan maturity).

Additionally, interest paid over loans made by financial companies is subject to stamp duty at the rate of 0.2%.

Invoicing regime

Presidential Decree no. 149/13, of 1 October, established a regime governing Invoices and Equivalent Documents. This regime aims to regulate the obligations regarding the issue, conservation and archive of invoices and equivalent documents for taxpayers in the course of their commercial and industrial activity.

Among other requirements, it is mandatory to issue invoices written in Portuguese and in the local currency (Kwanzas).

Personal Income Tax

PIT is due by individuals – regardless of their residence – whose income is derived from services rendered (directly or indirectly) to individuals/companies with domicile, headquarters, place of effective management or permanent establishment in Angola.

Income obtained by self-employed individuals is also subject to taxation in Angola whenever it is paid by an Angolan entity.

Individuals earning employee income are not required to submit an annual tax return.

Taxation groups

Group A: includes the remuneration earned by employees (paid by an employer entity under an employment contract entered into in accordance with the Labour Law), as well as the remuneration earned by public servants.

Group B: includes the remuneration received by entrepreneurs / freelance workers that falls under the activities' list included as an attachment to the PIT Code, as well as remuneration earned by directors and members of the board or of other statutory bodies.

Group C: includes all the remuneration obtained as a result of the development of an industrial or commercial activities, as foreseen in the Table of Minimum Profits.

Rates

Group A: progressive PIT rates with a maximum of 17% to be withheld by the employer, as follows:

Salaries in Kwanzas	Rates
Up to 34,450	Exempt
34,451 – 35,000	7% of the amount exceeding 34,450*
35,001 – 40,000	AKZ 550 + 7% of the amount exceeding 35,000
40,001 – 45,000	AKZ 900 + 8% of the amount exceeding 40,000
45,001 – 50,000	AKZ 1,300 + 9% of the amount exceeding 45,000
50,001 – 70,000	AKZ 1,750 + 10% of the amount exceeding 50,000
70,001 – 90,000	AKZ 3,750 + 11% of the amount exceeding 70,000
90,001 – 110,000	AKZ 5,950 + 12% of the amount exceeding 90,000
110,001 – 140,000	AKZ 8,350 + 13% of the amount exceeding 110,000
140,001 – 170,000	AKZ 12,250 + 14% of the amount exceeding 140,000
170,001 – 200,000	AKZ 16,450 + 15% of the amount exceeding 170,000
200,001 – 230,000	AKZ 20,950 + 16% of the amount exceeding 200,000
Above 230,001	AKZ 25,750 + 17% of the amount exceeding 230,000

* As for the second line, the law seems to contain a typo error as no rate was inserted. We believe that there was no intention of the second line being PIT exempt but that they meant to insert a 6% rate. However, because it is not written anywhere and the law has second and third line painted in the same colour, to be on the safe side, we are advising our clients to apply the PIT rate of 7% in both second line and third line.

Rates (continued)

Group B: single rate of 15% which is levied over 70% of the income received, corresponding to an effective rate of 10.5%.

Group C: rate of 30% for the cases in which the taxable income corresponds to the amounts included in the Table of Minimum Profits and, for the remaining cases, a rate of 6.5% (harmonization with the Industrial Tax rules).

Resident individuals	Rate
Personal Income Tax:	
» salaries and wages	0% – 17% * / **
» professional services fees	15% * / ** (levied on 70% of total income, corresponding to a 10.5% effective rate)
» industrial or commercial activities	30%

* Tax withheld at source.
** Final withholding tax.

Income Tax - Individuals

Resident individuals	Rate
Capital gains	10% *** over the positive difference between sale price and acquisition price (when not subject to PIT)
Dividends (earned by resident individual):	
» domestic source	10% * / ** / ***
» foreign source	Not subject to tax
Interest (earned by resident individual):	
» domestic source	» 15% ** / *** – loans » 10% * / ** / *** – corporate bonds and shareholder loans » 5% * / ** / *** – when the bonds are admitted to trading on a regulated market if maturity is higher or equal to 3 years (10% otherwise)
» foreign source	Not subject to tax
Royalties (earned by resident individual):	
» domestic source	10% * / **
» foreign source	Not subject to tax
Fees (earned by resident individual)	Up to 17%, 15% or 30% (PIT) *
Rental income (earned by resident individual)	15% * / ** (Subject to Real Estate Tax at a rate of 25% applicable over 60% of the rent revenues)

* Tax withheld at source.
** Final withholding tax.
*** Tax on Invested Capital.

Non-resident Individuals	Rate
Personal Income Tax:	
» salaries and wages	Subject to PIT in Angola provided it derives from services supplied in Angola, paid directly or indirectly by an Angolan entity
» professional services	15% * / ** (levied on 70% of total income, corresponding to a 10.5% effective rate)
Capital gains	10%* / ** / *** over the positive difference between sale price and acquisition price (when not subject to CIT or PIT)
Dividends (paid by an Angolan resident company)	10% * / ** / ***
Interest (paid by an Angolan resident)	» 15% * / ** / *** – loans » 10% * / ** / *** – corporate bonds and shareholder loans » 5% * / ** / *** – when the bonds are admitted to trading on a regulated market if maturity is higher or equal to 3 years (10% otherwise)
Royalties	10% * / ** / ***

* Tax withheld at source.
** Final withholding tax.
*** Tax on Invested Capital.

Double tax treaties and reduced rates

Angola has not entered into any double taxation treaties with other countries.

Tax Amnesty

Law no. 20/14, of 22 October which approved the revised Tax Foreclosure Code thereby introducing a tax amnesty regime for taxpayers with debts regarding CIT, PIT, Stamp Duty, TIC and RET, whose taxable events occurred in taxation periods until 31 December 2012.

The Tax Amnesty regime provides for a tax debt pardon, including compensatory and late payment interest, administrative expenses and penalties. Whenever the beneficiary of the tax debt pardon is a State creditor, the tax amnesty operates through compensation.

Tax debts deriving from tax inspections, any other procedure for the assessment of a taxpayers' status, additional tax assessments, tax infringements processes, as well as tax debts included in tax foreclosure processes that have not yet progressed to a court level may also benefit from the tax amnesty.

The tax amnesty regime shall not apply to:

» customs debts;

» public companies and private companies held in more than 50% by public entities;

» companies subject to the special taxation regime applicable to oil and mining activities;

» Social Security contributions; and

» any other taxes not foreseen in the scheme.

Investment information

A New Private Investment Law ("New PIL") – Law no. 14/15, of 11 August – was published in Angola wherein the general bases of the private investment in the Republic of Angola are established. Said Law also sets out the principles and rules regarding the eligibility for incentives and other facilities to be granted by the State to this type of investment.

Investment rules

Currently, in order to be covered by the New PIL, there is no minimum investment amount required (under the previous PIL, only foreign and domestic investments whose total amount was equal or higher than USD 1M were eligible for the purpose of this regime).

Under the New PIL the eligibility for tax benefits and other incentives depends on the following minimum amounts:
Foreign investments - total amount equal or higher than the amount in Kwanzas correspondent to USD 1 M;
Domestic investments - total amount equal or higher than the amount equivalent in Kwanzas correspondent to USD 0.5 M.

The granting of tax benefits is not automatic, being still dependent from a case-by-case analysis of the investment project.

For foreign investments in priority business sectors (*i.e.* Electricity and Water; Hospitality and Tourism; Transport and Logistics; Construction; Telecommunications and Information Technology; Media) it is foreseen a mandatory partnership with Angolan shareholders (i.e. of at least 35% of the share capital).

The new Law does not apply to investment projects approved before its entry into force, which will continue to be governed, until its implementation, by the provisions of the legislation and the terms or specific contracts under which the investment authorization was granted.

Tax benefits and incentives

Under the New PIL the eligibility for tax benefits and other tax incentives depends on certain criteria, namely, the investment amount, nature of the project, location, Angolan shareholder participation, among others.

Repatriation of dividends / profits

Under the New PIL, the right of foreign investors to repatriate profits/ dividends is granted irrespective of the investment amount and will be allowed immediately after the implementation and proof of execution of the investment project.

There is a Tax on Invested Capital surcharge applicable to the distribution of profits/ dividends in the part exceeding the share capital participation of the company, as follows:

a) 15% when the exceeding amount is lower than 20%;
b) 30% when the exceeding amount is between 20% and 50%;
c) 50% when the exceeding amount is greater than 50%.

The abovementioned surcharge does not apply to dividends and profits which are reinvested in Country.

Private Investment procedures

The Regulation of the procedures to be adopted for the private investment has been recently enacted (Presidential Decree no. 182/15, of 30 September), which sets out the procedures to perform in order to submit an investment project.

Private Investment procedures (continued)

Among others, it clarifies that investment projects up to USD 10 M shall be submitted to the Ministry of the dominant area of activity and the ones that exceed USD 10 M shall be submitted to the Technical Unit for the Private Investment (established by the President of Angola).

Special rules apply to private investment projects higher to USD 50 M.

Exchange controls

Angolan foreign exchange residents cannot operate bank accounts in banks outside the country although being entitled to operate local bank accounts in domestic or foreign currency.
Remittances abroad may only be performed through the local banking system and depending on the amount may require prior approval from the BNA. The repatriation approval provides that an authorised investor may transfer out of Angola in an approved foreign currency its profit distributions, expropriation-related compensation received and the proceeds from foreign capital divestment, including capital gains.

Generally, for Angolan foreign currency control purposes, transactions can be divided into 3 categories: *i)* goods; *ii)* capital; *iii)* invisible currents.

Companies engaged in mining operations, including the diamond sector, are subject to tight foreign exchange restrictions. The most important of these restrictions are:

- Payments of import/export operations must all be made through an authorised local bank;
- All export-related proceeds must be deposited in a local bank account;
- A mining company may not hold a bank account outside Angola; and
- Guarantees or escrow-type accounts with foreign financial institutions may only be held for the purpose of debt servicing relating to loans previously approved by the BNA.

The Regime of Foreign Exchange Law for the Oil and Gas sector, published on 13th of January 2012, established guidelines which are to be followed by all Oil and Gas companies operating in Angola, with regards to bank accounts, including the payment of taxes, goods and services. The main change introduced by this law is that the payments received/made by the Angolan companies have to be made through a local bank.

Finally, please note that the general limit for transfers to abroad of invisible current transactions* that are exempt from prior licensing by the BNA is AKZ 100M**.

*Invisible current transaction include, services, transportation, insurance, travel, trade commissions, patents and trademark rights, royalties or salaries.
** These limits are increased to AKZ 300M (=~USD 1,93M) for the companies providing services to the Oil & Gas companies.

Regulation on contracting foreign technical assistance or management services

According to Presidential Decree no. 123/13, of 28 August 2013, Angolan companies which hire technical and management assistance services from foreign companies are required to follow certain regulations.

Every technical assistance or management contract signed between an Angolan entity and a foreign entity with a global amount no greater than AKZ 100M* (=~ USD 645.000) and a duration no longer than 12 months must be reported to the Ministry of Economy, meaning that once the contract is signed its terms and conditions have to be reported to such Ministry for control purposes.

On the other hand, in case the contract exceeds the abovementioned limit, it is subject to the approval of the Ministry of Economy, which takes into account several requirements, including the need of hiring foreign entities (instead of local companies) and the advantages that such hiring brings to the beneficiary company and the Angolan economy.

* These limits are increased to AKZ 300M (=~ USD 1,93M) for the companies providing services to the Oil & Gas companies.

Legal Regime of the Special Contribution applicable to the Invisible Current Transactions

A Special Contribution is applicable to the Invisible Current Transactions, which is levied on transfers made under contracts for the rendering of foreign technical assistance or management services, governed by the provisions of the Regulation for the Contracting of Foreign Technical Assistance or Management Services, approved by Presidential Decree no. 273/11 of 27 October.

For these purposes, contracts for the rendering of foreign technical assistance or management services are those that are entered into with non-resident companies for the acquisition of administrative, scientific and technical services required to maintain, improve or increase the productive capability, as well as to increase the level of training of the workers.

The remaining invisible current transactions foreseen in Decree no. 21/98 of 24 July are outside the scope of the incidence rule of this Special Contribution, namely salaries, interest and royalties.

Under this regime, taxpayers liable to the Special Contribution include private individuals or corporations and public companies, which are domiciled or have its headquarters, effective management or permanent establishment in Angola, and request to the financial institutions the transfer of funds in order to perform payments regarding contracts for the rendering of foreign technical assistance or management services.

The rate is 10% over the value of the transfer to be made. The assessment of the Special Contribution shall be made by the taxpayer in the competent tax office, before the financial institutions executing the transfer.

Residence and work permits

All foreign workers engaged in employment duties in Angola must obtain visas in order to justify their stay. If the foreign workers are hired by an Angolan company or a foreign company with a permanent establishment in Angola, foreign workers are also required to obtain a work permit.

Annual budget announcement

The Minister of Finance generally announces the annual Budget and Taxation Proposals in November of each year for the following fiscal year, which starts on the 1st of January.

Trade and bilateral agreements

Angola is member of the following international organizations:

- WTO, Economic Community of Central African States (CEEAC);
- Community of Portuguese-speaking countries (CPLP);
- SADC;
- ACP-EU Partnership Agreement;
- COMESA; and
- OPEC.

Economic statistics

Local Currency	The Kwanza ("AKZ")
Exchange Rate (22/02/2016)	USD = 158,15 AKZ
Inflation (2015/2016)	17,3%
GDP (2015/2016)	2,7 %

Travel information

Visa requirements:	- Visa may take up 15 days - Invitation letter needed
Flights:	Daily flights to and from Lisbon, Madrid, Amsterdam, Johannesburg and Dubai
Inoculations:	Mandatory: Yellow fever Recommended: Typhoid fever; Hepatitis A.

Languages

Portuguese is the official language, while other local languages most commonly spoken are Kimbumdo, Umbumdo and Kikongo.

Official holidays

- 1 January (New Year's Day)
- 4 February (Day of the Armed Struggle)
- 8 March (International Women's Day)
- 3 April (Peace and National Reconciliation Day)
- 18 April (Good Friday)
- 1 May (Labour Day)
- 17 September (National Founders' and Heroes' Day)
- 2 November (All Saint's Day)
- 11 November (Independence Day)
- 25 December (Christmas Day)

Contact us

Luis Magalhaes
Head of Tax
T: +27 351 210 110 087
E: lmagalhaes@kpmg.com

Gustavo Amaral
Associate Partner, Tax
T: +27 244 227 280 101
E: gamaral@kpmg.com

www.kpmg.com