

# Mozambique

## Southern Africa Government Grants and Tax Incentives

### Specific incentive for Hotel and Tourism

#### Qualifying Criteria

The incentives apply to investments in hotelery and tourism industry, namely –

- Construction, rehabilitation, expansion or modernization of hotelery units
- Development of infrastructure for the establishment of camping and caravan parks with minimum of three star classification
- Equipment for the development and exploration of marinas
- Development of wild reserves, national parks and game reserves for tourism.

The minimum investment requirement is MZN 2 500 000 (See note below)

#### Benefits

##### *Deductions from taxable base for corporate income tax*

- Investment in new technologies may be deducted (up to 10% of taxable net income)
- Professional training costs of Mozambican citizens may be deducted, up to 5% or 10% of taxable net income
- An amount equal to 110% of expenditure for investments carried out in the City of Maputo for construction and rehabilitation of works that are considered to be a public utility by a competent authority may be deducted and, in the case of other provinces, an amount equal to 120% of the same expenditure

##### *Accelerated depreciation*

- Accelerated depreciation rates (increase of 50% of normal rates) of new immovable, vehicles and other tangible fixed assets used in the conduct of the hostelry and tourism activities.

##### *Investment Tax Credit for corporate income tax*

- A tax credit of between 5% and 10% of the investment in fixed assets (with some exceptions) during the investment period. The

tax credit not deducted in the investment year may be carried forward to the following five years

- The 5% rate is for investment in the Maputo province, the 10% rate is applied to investment in other provinces

#### *Import taxes*

- Exemption of customs duties and VAT on importation of certain equipment, as well as other goods considered to be indispensable for the conduct of tourism and hostelry activity

**Note:** The Investment Law changed the minimum investment amount to MZN 7 500 000 but the Tax Benefits Code has not yet been amended to update the investment amount.

### Specific incentives for Manufacturing and Assembly Industry

These are specific incentives to encourage investment in the manufacturing and assembly industries. The minimum investment requirement is MZN 2 500 000 (See note below).

#### Qualifying Criteria

The benefit is only applicable to projects that can guarantee an annual turnover exceeding MZN 3 000 000 and for which the value added to the final product would increase to, at least, 20%.

#### Benefit

Exemption from customs duties on any feedstock to be incorporated in the production.

**Note:** The Investment Law changed the minimum investment amount to MZN 7 500 000 but the Tax Benefits Code has not yet been amended to update the investment amount.

For any assistance regarding the Mozambican incentives, please contact Kuda Mutamba at [kmutamba@kpmg.com](mailto:kmutamba@kpmg.com)