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Changes to the Special Consumption Tax (IEC)

The Law No. 16/21, published in the Official Journal on July 19, has implemented the new Special Consumption Tax Law (IEC) and revoked Laws No. 8/19, from April 24, and No. 18/19, from August 13.

The new Law No. 16/21 can be accessed [here](#) and enters into force on August 18, 2021 (with exception of the obligation to tax label affixing, provided for by Article 14 of the Law, which only comes into force on February 18, 2022).

The main changes introduced in terms of IEC can be summarized as follows.

Rates

In general terms, the IEC rates will be reduced, particularly in the beverage sector, as a support to the national beverage production industry, which is facing major economic difficulties as a result of the reduction in the purchasing power of companies and families. The rate applicable to non-alcoholic beverages, including added sugar or flavored waters, is reduced to 3%. For the majority alcoholic beverages subject to IEC, the rate is reduced to 4% or 8%, depending on the product.

However, there are some products regarding which the IEC rate is increased, such as motor vehicles (the rate is changed from 2% to 5%). Ethyl alcohol will be subject to IEC, at the rate of 15%.

The 2% rate applicable to natural gas is revoked (this product will no longer be subject to IEC). The remaining petroleum products preserve the IEC rate.

Chargeable event

The use of goods or raw materials outside the production process and which benefited from the IEC exemption becomes a taxable event.

Exemptions

The Law now published extends the scope of application of the IEC exemption to goods intended for medical purposes or teaching, as well as to electric vehicles.

Taxable amount

For goods produced in Angola, the taxable amount subject to IEC is deemed to be the transaction value (and not the cost of production), except in the case of petroleum products which taxable amount continues to be the cost of production.

Taxable event

For goods produced in Angola, IEC becomes due when the transaction occurs, except for petroleum products where the relevant moment for this purpose continues to be when the goods are made available to the purchaser.

Additionally, IEC is due whenever proof of use of tax labels is not presented.

IEC assessment/payment

For goods produced in Angola, for which the IEC calculation and payment is the responsibility of the producers, the settlement of the tax due must be made at the time of the transaction.

New obligations

As from February 18, 2022 onwards, the following specific obligations will be introduced:

- Obligation of affixing a tax label (aposição de selo fiscal) to beverages, tobacco and their manufactured substitutes (to be approved by a separate regulation).
- Beverages, tobacco and petroleum products producers (estabelecimentos) will have to be equipped with counting and measuring systems for automatic electronic transmission of data to AGT with information on production. These systems will have to be certified by AGT, in terms still to be regulated.
- Both the above mentioned obligations (tax label and counting and measurement systems) are responsibility of the taxpayers.

Penalties

Infractions will be subject to the following penalties:

- Lack or delay in filing the IEC return: application of a fine in the amount of Kz 300,000;
- Failure to notify AGT, within 5 working days after the occurrence, of admissible losses or absences resulting from force majeure situations: infraction subject to a fine of Kz 300,000;
- Failure to affix tax stamp, to communicate information or certification of counters or meters: penalty, for each infraction, of 25% of the amount of the IEC due;
- Failure to seal the products within the period set by AGT: penalty of Kz 200,000, per monthly production period, and reversion of the product to the State.

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