

Angola

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What's new?

Summary of updates/Changes to R&D and government incentives from 1 January 2019 through 31 October 2020

As from 19 August 2020, the corporate income tax rate is 25% for resident corporations and Angolan permanent establishments (PEs) of nonresident companies.

Featured government incentives

Incentive	Description	Maximum percentage	Qualified Expenditure	Key exclusions or issues
Special regime	<p>Incentives for investment projects in the following sectors (government priorities):</p> <ul style="list-style-type: none"> • Education, professional training, higher education, scientific research and innovation • Agriculture, food, and the agro-industry • Health units and specialized services in health • Reforestation, industrial forest resource transformation, and forestry • Textiles, clothing, and footwear • Hospitality, tourism, and leisure • Construction, public works, telecommunications and information technology, airport and railway infrastructure • Energy production and distribution • Basic sanitation and solid waste collection and treatment 	<p>Depending on the zone (there are four categories of zones):</p> <ul style="list-style-type: none"> • Property transfer tax—Tax rate reductions up to 85% • Urban property tax—Tax rate reductions up to 75% for a maximum period of eight years • Industrial tax—Tax rate reductions up to 80% in the interim and final tax rates and a 50% increase in rates of depreciation and amortization for a maximum period of eight years • Investment income tax—Tax rate reductions up to 80% relating to the distribution of profits or dividends for up to eight years • Other benefits—Exemptions from the payment of rates and other fees due on any services, including customs, to a public noncorporate entity for up to five years 	<p>Qualifying expenditure includes the following:</p> <ul style="list-style-type: none"> • Fixed capital • Acquisition of participations in existing companies in Angola • Setting up of new companies • Signing and amending of consortia agreements, shareholding partnerships, joint ventures, partnerships with third parties in shares, or stakes in capital and any other form of permissible partnership agreement 	N/A



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Featured government incentives

Incentive name	Description	Maximum percentage	Qualification standards	Key exclusions or issues
Prior declaration regime	Incentives for investment projects to be developed in other activity sectors	In any zone: <ul style="list-style-type: none"> • Property transfer tax—Tax rate reduction of 50% • Industrial tax—Tax rate reduction of 20% in the interim and final tax rates for two years • Investment income tax—Tax rate reduction of 25% on distributions of profits or dividends for two years • Stamp tax—Tax rate reduction of 50% for two years 	Qualifying expenditure includes: <ul style="list-style-type: none"> • Fixed capital • Shareholding acquisitions of companies and enterprises already incorporated under Angolan law • Setting up of new companies • Signing and amending of consortia agreements, shareholding partnerships, joint ventures, partnerships with third parties in shares or stakes in capital, and any other form of permissible partnership agreement 	N/A

Industries most often affected by government incentives in country

Technology, Media & Telecom	Financial Services
● Telecom, Media & Entertainment	Banking & Capital Markets
● Technology	Insurance
Consumer	Investment Management
● Consumer Products	Real Estate
● Retail, Wholesale & Distribution	Life Sciences & Health Care
● Automotive	● Health Care
● Transportation, Hospitality & Services	● Life Sciences
Energy, Resources & Industrial	Government & Public Services
● Power & Utilities	Health & Social Care
● Mining & Metals	Defense, Security & Justice
● Oil, Gas, & Chemicals	Civil Government
● Industrial Products & Construction	International Donor Organizations
	Transport

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Type	National incentive?	State, provincial, regional or local incentives? ¹	Filing deadlines imposed?	Is the claim made in advance or arrears? ²	Nature of incentive	Maximum benefit available to large enterprises	Maximum benefit available to small- and medium-sized enterprises
Investment							
Private Investment Law (tax reduction)	●	●	●	Advance	Reduction in the rates of industrial tax, property transfer tax, urban property tax, investment income tax, and stamp tax	Under the prior declaration regime: two-year 20% reduction in the industrial tax rate, 25% reduction in the investment income tax rate, and 50% reduction in the stamp tax rate; the prior declaration regime also grants a 50% reduction in the property transfer tax rate on the acquisition of real estate for the establishment of the investment project and related offices (not limited to two years, but according to the timeline of the project)	Under the special regime, up to an 85% reduction in the rates of industrial tax, property transfer tax, urban property tax, investment income tax, and stamp tax for up to eight years

Key: ● = PERMANENT INCENTIVE ■■■ = TEMPORARY INCENTIVE ■■■ = NEGOTIABLE ● = NO ● = LIMITED APPLICABILITY ● = NOT APPLICABLE

Notes:

- Green means that this incentive is currently in effect. Yellow means that the incentive has limited applicability, i.e., the requirements for this incentive limit its value to most companies. Red means that there is no incentive.
- If the response is advance, this means that the government must approve the award of the incentive prior to the commencement/completion of the project/activity. If the response is arrears, this means that the award of the incentive is determined at the end of the tax period or after the completion of the qualifying project or activity. Most tax incentives are considered to be claimed in arrears because they are reported on tax returns.



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Country background

As from 19 August 2020, the corporate tax rate is 25% for resident corporations and Angolan PEs of nonresident companies. A reduced rate of 10% applies to the agriculture and forestry sectors. Income from oil is taxed at a rate of 35%.

Investment Incentives

Private Investment Law

Nature of incentives

The Private Investment Law (PIL) has been in effect since 26 June 2018 and applies to foreign and domestic investments regardless of the amount.

The PIL requires that all foreign investors be registered under its regime and be covered by the general rules applicable to trade and business, as well as Angola's foreign exchange laws. Companies registered under the PIL have the right to remit dividends and profits, liquidation proceeds, etc., if certain requirements are met; companies that fail to register have limited benefits and rights.

Regardless of the type of investment, all investments subject to the jurisdiction of the Angolan government must:

- Create jobs for Angolan citizens and provide salaries and social conditions compatible with their qualifications;
- Implement training plans to develop the skills of the Angolan workforce; and
- Hire qualified foreign workers but promote the gradual replacement of these employees with Angolan workers.
- Tax and customs benefits may be granted under the PIL to companies that invest in projects that boost the economic and social policies of the Angolan government, such as:
 - Generating economic growth;
 - Promoting the economic, social, and cultural well-being of the population;

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- Promoting less developed regions, especially in the interior of the country;
- Increasing the country's industrial capacity or raising the value added;
- Creating partnerships between national and foreign individuals and organizations;
- Fostering the creation of new jobs for Angolan workers and increasing their qualifications and skills;
- Promoting the transfer of technology and increasing efficiency;
- Increasing exports and reducing imports;
- Increasing foreign currency reserves and improving the balance of payments;
- Increasing the supply channels to the domestic market;
- Promoting technological development, corporate efficiency, and product quality; and
- Rehabilitating, expanding, or modernizing infrastructure intended for economic activities.

Eligible expenditure

Eligible expenditure includes all costs incurred by the investor(s) and/or promoter(s) that are directly related to the implementation of the private investment project.

Criteria for granting benefits and incentives

Benefits and incentives are granted based on the following criteria:

- Priority activity sectors; and
- Development zones in Angola.

Priority sectors

Priority market segments are those that have the potential to replace imports or to boost and diversify the Angolan economy, including exports, in the following sectors:



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- Education, professional training, higher education, scientific research and innovation;
- Agriculture, food, and the agro-industry;
- Health units and specialized health services;
- Reforestation, industrial forest resources transformation, and forestry;
- Textiles, clothing, and footwear;
- Hospitality, tourism, and leisure;
- Construction, public works, telecommunications and information technology, airport and railway infrastructure;
- Energy production and distribution; and
- Basic sanitation and solid waste collection and treatment.

Development zones

For purposes of granting benefits to investment projects, Angola is divided into four development zones:

- Zone A—Provinces of Luanda and capital-municipalities of Benguela, Huíla, and the municipality of Lobito;
- Zone B—Provinces of Bié, Bengo, Cuanza-Norte, Cuanza-Sul, Huambo, Namibe, and the rest of the municipalities of the Provinces of Benguela and Huíla;
- Zone C—Provinces of Cuando-Cubango, Cunene, Lunda-Norte, Lunda-Sul, Malanje, Moxico, Uíge, and Zaire; and
- Zone D—Province of Cabinda.

Investment regimes

Investment projects are subject to the following regimes:

- Prior declaration regime; and
- Special regime.

The special regime applies to investment projects carried out in priority activity sectors and in the development areas as defined in the PIL.

Under the prior declaration regime, the investor must submit the investment proposal to the public entity responsible for registration and the granting of the benefits. Companies already must be incorporated, so it no longer is necessary to present a Private Investment Registration Certificate for the act of incorporation. Benefits under prior declaration regime

The following tax rate reductions are available under the prior declaration regime:

- 50% reduction in the property transfer tax rate on the acquisition of real estate for the establishment of the investment project and related offices;
- 20% reduction in the interim and final settlement industrial tax rates for two years;
- 25% reduction in the investment income tax rate on the distribution of profits or dividends for two years; and
- 50% reduction in the stamp tax rate for two years.

Benefits under special regime

The following tax benefits are available under the special regime:

- Property transfer tax—The following tax rate reductions are available on the acquisition of real estate for the establishment of the investment project and related offices:
 - Zone A—50% of the rate;
 - Zone B—75% of the rate;
 - Zone C—85% of the rate; and
 - Zone D—50% of the rate reduction for Zone C.
- Urban property tax—The following tax rate reductions are available for the acquisition of real estate for the establishment of the investment project and relevant offices:
 - Zone B—50% of the rate for four years;
 - Zone C—75% of the rate for eight years;
 - Zone D—50% of the rate reduction for Zone C for eight years.



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- Industrial tax:
 - Zone A—20% reduction in the interim and final tax rates and 50% increase in the amortization and depreciation rates for two years;
 - Zone B—60% reduction in the interim and final tax rates and 50% increase in the amortization and depreciation rates for four years;
 - Zone C—80% reduction in the interim and final tax rates and 50% increase in the amortization and depreciation rates for eight years; and
 - Zone D—50% of the reduction for Zone C and 50% increase in the amortization and depreciation rates for eight years.
- Investment income tax:
 - Zone A—25% reduction in the rate on the distribution of profits or dividends for two years;
 - Zone B—60% reduction in the rate on the distribution of profits or dividends for four years;
 - Zone C—80% reduction in the rate on the distribution of profits or dividends for eight years; and
 - Zone D—50% of the reduction for Zone C for eight years.

Other benefits and incentives

Under the special regime, the company investment vehicle is exempt from the payment of rates and other fees on any requested services, including customs, to a public non-corporate entity for five years.

Expiration of benefits

Benefits expire either at the end of the exemption period, which is limited to eight years, when the investor has benefited from a tax savings equal to or higher than the amount of the investment, by verification of the assumptions of specific conditions or by the withdrawal of the authorization for the investment.

Once benefits expire, the general tax regime applies.

Remittance of profits and dividends

After full implementation of the foreign private investment project and confirmation by the authorities, and provided the investor has set up the mandatory legal reserves and paid all taxes due, the investor can remit the following abroad:

- Dividends;
- Proceeds from liquidation of the investment;
- Proceeds from compensation; and
- Royalties or other income earned from indirect investments and linked to a transfer of technology.

