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Building the future
Tax Reform
Forum



Foreword

The Tax Reform has been debated, implemented and adjusted over the past several months. This process has resulted in a new regime that provides more stable tax receipts under various headings, following the publication in late 2014 of the legislative package that stabilises the tax structure governing the activities of businesses.

The main challenges relate to the speed and ease with which organisations will adapt to the new regime, and adjust their processes and management models to provide greater administrative and tax efficiency. The tax obligations are retained under the new regime, with the private sector, organisations and other businesses being expected to perform their role in an environment in which compliance by them, and monitoring by the tax authorities, will become more efficient and harmonious.

It is a path that all must follow and play their part. For our part, we will continue to be available to work



with our clients and the authorities to contribute to a better and more rapid adoption of, and adaptation to, the new tax regime. We hope that this guide, intended for use by all interested parties, will be a useful tool in that direction.

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Industrial Tax



Activities liable to tax

The Industrial Tax is levied on profits from the carrying on of any commercial or industrial activity of any nature, including casual or sporadic activities.

Activities of a commercial or industrial nature

The following are always considered to be activities of a commercial nature or industrial nature

Farming, aquaculture, production of poultry, livestock or fish and the cultivation of forestry;

Mediation, agency or representation in carrying out contracts of any nature;

Activities subject to supervision by the insurance supervisory body, the gaming authority, the National Bank of Angola (BNA) and the Commission on Capital Markets;

The management of portfolios real estate, shares or securities;

Activities carried on by foundations, autonomous funds, cooperatives and charitable associations.

Persons and entities liable to tax

| Taxpayers | Tax base |
|---|--|
| <p>Commercial and civil companies in commercial form, cooperatives, foundations, associations, autonomous funds, state-owned companies and other legal persons of public or private law, with their head office or place of effective management in Angola.</p> | <p>Profits made in Angola and abroad.</p> |
| <p>Entities without legal personality, with their head office or place of effective management in Angola, whose income is not directly liable to Industrial Tax headquarters in the hands of individuals or collective entities.¹</p> | |
| <p>Branches of non-resident companies.</p> | |
| <p>Non-resident legal entities with a permanent establishment in Angola.</p> | <p>Profits attributable to the permanent establishment located in Angola;</p> <p>Profits attributable to the sales in Angola of goods and merchandise of the same or similar kind as those sold through that permanent establishment;</p> <p>Profits attributable to other business activities carried on in Angola of the same or similar kind as those effected through the permanent establishment.</p> |
| <p>Non-resident legal entities without a permanent establishment in Angola.</p> | <p>Profit from the provision of services in Angola by legal entities will be subject to Industrial Tax at a flat rate, under the incidental services tax regime.</p> |

¹Including undistributed inheritances, legal entities in respect of which a declaration of invalidity has been made, associations and civil companies without legal personality and commercial or civil companies in commercial form, pending their final registration.

Groups

The Industrial Tax Code categorises taxpayers in two groups:

| Group | Taxpayers | Tax base |
|-------|--|---|
| A | State-owned companies and similar entities; | Taxable profit determined from the accounts as adjusted in accordance with the provisions of the Industrial Tax Code. |
| | Companies with a share capital of AKZ 2,000,000 or more; | |
| | Companies with an annual turnover of AKZ 500,000,000 or more; | |
| | Associations, foundations and cooperatives, whose activity generates revenues in addition to contributions and subsidies received from its associates, cooperative members or patrons; | |
| | Non-resident legal entities without a permanent establishment in Angola; | |
| B | All taxpayers not included in Group A; | Taxable profit determined from the accounts as adjusted in accordance with the provisions of the Industrial Tax Code. |
| | Taxpayers liable to tax only because of the exercise of an isolated act ³ of a commercial or industrial nature. | or Taxable profit determined by reference to turnover ² . |

Note: Any taxpayer may opt for inclusion in Group A. This option has to be made up to the end of the month of February of the first year of application and must be kept for a minimum period of three years.

²An isolated act is defined as the conduct of an activity, continuously or with interruptions, for not more than 180 days in a tax year.

³Where the taxpayer does not have organised accounting.

Determining Taxable Profit in Group A

The taxable profit is computed on the basis of the accounts of the accounting period, and consists of the difference between the turnover and the costs and expenses of the period, adjusted in accordance with the provisions of the Industrial Tax Code.

| Turnover or gains | Deductible costs or losses |
|--|---|
| Those realised in the period, from any transactions or operations carried out by taxpayers, in particular derived from: | Those demonstrably indispensable to the maintenance of the productive source or the realisation of income and gains subject to tax in particular the following: |
| Basic transactions, such as the sale of goods or services, bonuses and rebates or commissions and brokerage fees obtained; | Charges relating to the production or acquisition of any goods or services, such as materials used, labour, energy and other manufacturing overheads, maintenance and repair; |
| Complementary or ancillary activities, including those of a social and welfare nature; | Distribution and selling expenses, including transportation, insurance, advertising and placement of goods; |
| Transactions of a financial nature, such as interest, dividends and other participations in the profits of corporations, discounts, premiums, transfers, exchange rate variations and share premium of shares or bonds, not liable to another tax; | Expenses of a financial nature, such as interest on borrowed capital, discounts, premiums, transfers, exchange rate charges, debt collection and issues of shares, bonds and redemption premiums; |
| Accretions to net worth, excluding tax credits and those arising from capital injections by shareholders or to cover losses; | Expenses of an administrative nature, such as payroll, allowances, pensions, contributions to pension funds, current consumables, transport, communications, rents, leases, security, legal services and litigation, insurance and the costs incurred on the cessation of employment; |
| Construction, equipment or other capital assets produced by and used in the company; | Costs of analyses, rationalisation, research, consultation and training; |
| The provision of scientific and technical services; | Taxes and similar costs ⁴ ; |
| Indemnities representing compensation for loss of profits or consequential damages; | Depreciation and amortization in accordance with specific provisions on this subject; |
| Realised capital gains ⁵ ; | Provisions made under applicable legislation; |
| Industrial and other similar property; | Damages and losses resulting from uninsurable risks; |
| Forgiveness of amounts owed. | Social assistance charges ⁶ ; |
| | Bad debts ⁷ . |

⁴The following are not deductible for Industrial Tax purposes: Industrial Tax, Urban Property Tax, Employment Income Tax, Investment Income Tax, Social Security contributions payable by the employee, the tax on transfer of bequests or gifts that are the liability of third parties to the company and the tax on employee remuneration or fees paid to service providers borne by the entity liable to Industrial Tax.

⁵For this purpose, profits or gains on the transfer for valuable consideration of any assets or rights, however designated and by whatever means transferred, are regarded as capital gains.

⁶With regard to costs or losses on social assistance (maintenance of medical assistance, crèches, canteens, libraries and school infrastructures) these are deductible only to the extent that they are available to all employees. The opening of these facilities to outside users not connected with the company to generate income necessitates the inclusion of such income, duly disclosed, in the taxable profit for Industrial Tax purposes.

⁷To the extent that they result from a process of collection, bankruptcy or insolvency and that they are duly documented by public certification.

Non-deductible costs or losses

The Industrial Tax , Urban Property Tax (IPU) the tax on employment income, the investment income tax;

Contributions to the Social Security portion that are the worker's burden;

The transfer tax on bequests or gifts to the company that are the liability of third parties and the tax on employee remuneration or fees paid to service providers borne by the entity liable to Industrial Tax;

Fines and all charges for offences of any kind;

Maintenance and repair costs of immovable property treated as costs in computing the Urban Property Tax;

Any adjustments to the taxable profits of previous years;

Extraordinary corrections in the current year;

Life and health insurance costs where these benefits are not provided to all employees;

Interest on loans of any kind by the holders of share capital or shareholders' loans ("suprimentos");

Gifts and donations granted in breach of rules laid down in the Patronage Act⁸;

Costs not documented under the legal system governing Invoices and equivalent documents ("RJFDE").

Documentation of expenses

Expenditure incurred will be accepted in computing taxable profit only if properly documented under the laws in force, in particular, the RJFDE.

Invoice requirements under the RJFDE

In addition to being issued using a computerised billing system, invoices or equivalent documents must be duly dated and sequentially numbered and must contain the following:

Name, business name or corporate name and head office or domicile of the supplier of goods and services and the consignee or purchaser, as well as their tax identification numbers (NIF);

Quantity and common description of the goods supplied or services rendered;

Final price in national currency, with all the detail showing how it was arrived at, unless the invoices relate to imports and exports, subject to the rules of international trade;

Rates and amount of tax due, if applicable;

Date on which the goods were made available to the purchaser, on which the services were performed or where advance payments were made, where that date is not the date of issue of the invoice;

Be written in Portuguese.

⁸Any gift or donation given in or after 2017 in breach of the rules of the Patronage Act will result not only in the non-deductibility of the related costs, but will also incur a levy of 15%.

Undocumented expenses and those that are not properly documented, besides not being deductible for Industrial Tax purposes (and accordingly added back for purposes of calculating taxable income), are also subject to a levy from 2017 onwards, under the following conditions:

| Expenses | Description | Rate of levy |
|--------------------------------|--|------------------------|
| Improperly documented expenses | Expenses where the supporting documentation shows only the name of the payee and his/its taxpayer ID number. | 2% |
| Undocumented expenses | Expenses for which there is no valid documentary support, but the occurrence and nature of which are materially verifiable. | 4% |
| Confidential expenses | Expenses for which there is no valid documentary support and where the occurrence and nature of the expense are not materially verifiable. | 30% / 50% ⁹ |

Stock valuation

For purposes of calculation of the profits and losses of the year, stocks must be valued using methods that can be clearly assessed and controlled, are generally accepted within the industry, are recognised as valid in terms of the accounting technique and, in addition:

- Are uniformly applied in successive years;
- Use prices of acquisition actually applied in practice and documented or prices of sale included in official documentation or other trustworthy sources.

The booking of costs arising from depreciation, obsolescence or decrease of value of stock is allowed under the terms and limits defined in the applicable legislation. These costs must be approved by the Angolan Tax Authorities (Administração Geral Tributária).

Depreciation and amortisation

The new regime, introduced by the new Industrial tax Code, applies only to assets that enter in service on or after 1 January 2015. Assets already in service at that date will continue to be depreciated in accordance with the prior rules.

⁹The 50% rate applies where the expense is incurred by a taxpayer exempt from, or not liable to, Industrial Tax.

Method of calculation

Depreciation must be calculated using the straight line method. The taxpayer may opt to calculate an annual basis or by reference to monthly periods. Taxpayers may also use any other method of calculation subject to the prior approval of AGT.

Generally, all tangible fixed assets or intangible subject to wastage are depreciable. However, certain specific depreciation provisions exist and are listed in the table below. This also lists some depreciation and amortisation that are not accepted in computing taxable profit.

| Depreciation and amortisation systems | Depreciation and amortisation not deductible for tax purposes |
|---|--|
| Reversible assets, provided depreciation is calculated by reference to the number of years remaining of the concession period (when that is less than the life of the depreciated asset); | Those not expensed in the accounting period to which they relate; |
| Depreciable assets acquired second hand, provided depreciation is calculated by reference to the expected remaining period of use; | Those calculated on tangible fixed assets that are not subject to wastage; |
| Costs incurred on buildings erected on the land of others, on large repairs and improvements of own assets, provided depreciation is calculated by reference to the expected period of use; | Those that exceed the rate limits and useful lives set out in applicable legislation, except in exceptional cases duly justified to and recognised by the AGT. |
| Depreciable assets the individual cost of which does not exceed AKZ 30,000; | Those calculated on the cost of land ¹⁰ ; |
| Revalued fixed assets, provided they have been revalued in accordance with applicable legislation; | Those calculated on light passenger or mixed-use vehicles, where the initial or revalued cost exceeds AKZ 7,000,000, except for vehicles used in an activity of providing public transport services or intended for rental in the ordinary course of the company's business; |
| Assets that have suffered exceptional devaluation, provided a request is submitted to the relevant District Tax Inspector. | Calculated on leisure boats, planes or helicopters, except where they are allocated to a transportation service activity or rented out in the exercise of the normal activity of the company. |

Depreciation and amortisation by taxpayers subject to the Financial and Insurance Institutions' Chart of Accounts must be done in accordance with the respective accounting standards, even when contrary to the provisions of the Industrial Tax Code. However, accounting procedures are fixed by AGT when it is understood that they do not comply with the respective accounting standards.

¹⁰Land is not depreciable, except if it is exclusively allocated to exploration activities, and then only that part of it that is subject to wastage. If the property is acquired without an express indication of the cost of the land, a value shall be assigned to it of 20% of the total cost of the property, unless the taxpayer estimates another value, based on technically prepared calculations and supported by an independent entity and accepted in advance by the Angolan Tax Authorities (Administração Geral Tributária).

| Asset | Rates |
|-------------------------|---|
| Tangible fixed assets | Rates set out in the depreciation and amortisation tables contained in a specific enactment |
| Intangible fixed assets | Depreciation according to the expected useful life, or Over a five-year period, where the above is not determinable. Exception: Software programmes, to which an annual rate of 33.33% applies. |

Note: Where the assets are subject to wear and tear greater than that resulting from normal use, and used in more than one shift, the method that is being used may be increased by 25% for tax purposes if used in two shifts, or by 50% in the case of round-the-clock use.

Provisions

| Tax-deductible provisions |
|--|
| Provisions in respect of the following situations are accepted for tax purposes: |
| Obligations and expenses arising from litigation in progress based on facts that would determine their inclusion in the profit & loss account of the accounting period; |
| Doubtful debts, calculated on the basis of the total year-end receivables arising from the company's normal activity, as well as on their age; |
| Reductions in value of inventories; |
| Provisions set up under obligations imposed by public regulatory authorities, in the financial, insurance and gaming sectors; |
| Provisions by taxpayers obliged to use the Chart of Accounts for financial and insurance institutions, within the terms and limits set in the regulator's own legislation. |

The limits and rates for provisions in respect of litigation in progress, doubtful debts and depreciation of inventories shall be governed by a specific enactment, to be published.

Credits against tax liability

| Credit | Conditions |
|--|--|
| Profits and gains liable to the Urban Property Tax (IPU) and the Investment Income Tax (IAC) | Deduction of profits or gains subject to the Investment Income Tax does not apply to the profits of financial institutions, or to entities carrying on similar activities that are subject to that tax and exempt from it. |
| Tax losses | <p>Tax losses may be carried forward to the three subsequent accounting periods. If the taxpayer incurs tax losses during a period of exemption from or reduction in the Industrial Tax rate, they may not be offset against taxable profits in the years following the end of</p> <p>exemption period or rate reduction;</p> <p>Tax losses from an exempt or reduced-rate activity may not be offset against profits from other activities subject to the general regime.</p> |
| Tax incentive for profits transferred to reinvestment reserves | <p>Up to 50% of profits transferred to reinvestment reserves may be credited against the tax liability of the accounting period provided that, within the next three years, they are reinvested in plant or equipment that contribute, objectively, to job creation and to the economic development of the country;</p> <p>This credit is spread over the three years following the conclusion of the investment, which is not extendable if, due to an insufficiency of tax liability, it is not utilised in any of the three years;</p> <p>This benefit is dependent on the submission by the taxpayer of an application to the AGT by the end of February in the year following the conclusion of the reinvestment and to approval by the AGT of the request.</p> |

Determination of Group B tax liability

Taxation applies to the profits earned by taxpayers as determined on the basis of their accounts, and where that is not possible, on the profits presumed to have been earned by taxpayers. In the latter case, the tax liability is based on turnover, with no deductions or tax credits.

Rates

| Determination of tax liability/taxable profit | Rates |
|---|-------------------|
| Taxable amount determined under the Industrial Tax Code | 30% ¹¹ |
| Income exclusively from agriculture, aquaculture, poultry, fishing and forestry | 15% |
| Provisional assessment on income from the provision of services | 6.5% |
| Provisional assessment on income from the sale of goods | 2% |
| Final withholding taxes on fees from services provided by non-residents without a permanent establishment in Angola | 6.5% |

¹¹The Industrial Tax rate may be reduced for private investment projects duly licensed by public authority as defined under the legislation in force or under special legislation function approved for this purpose.

Settlement and provisional payment

Provisional settlement of Industrial Tax – resident entities

The tax liability of Group A and B taxpayers is settled by provisional self-assessment by reference to the accounting period in which the activity took place.

These settlements are provisional in nature, and are deductible from the taxpayer's final liability.

| Provisional settlements | Rates |
|--|---|
| On selling goods | 2% of the total turnover of the taxpayer, computed in the first six months of the accounting period ¹² . |
| In the banking, insurance and gaming sectors | 2% of the total profits from financial intermediation transactions or of insurance and reinsurance premiums and from gaming activities, computed in the first six months of the previous accounting period, excluding any income liable to the Tax on Investment Income. |
| On the provision of services | <p>The provision of services of any kind is subject to withholding tax at a rate of 6.5%, deducted by payers of income, with the tax withheld being paid over to the tax authorities by the end of the following month¹³;</p> <p>The taxable amount is the total value of services provided excluding materials, parts or equipment needed for provision of the service, fully documented;</p> <p>However, the following services not subject to withholding tax:</p> <ul style="list-style-type: none">• Teaching and medical and healthcare services;• Any services valued at less than AKZ 20,000;• Passenger transport services;• Leasing of machinery or equipment liable to the Tax on Investment Income• Financial intermediation and insurance services;• Hotel and similar services and telecommunications services;• The re-charge of costs (with no mark-up), between related entities, as defined in the Statute of Large Taxpayers duly evidenced and documented. |

Special tax regime for the provision of occasional services – non-residents

Companies with a foreign head office that do not have a permanent establishment in the country are liable to Industrial Tax on services of any kind provided in Angola.

This taxation operates by withholding at a rate of 6.5%.

However, the following are not liable to this special system of taxation:

- Teaching and medical and health services;
- Any services valued at less than AKZ 2,000;
- Passenger transport services;
- Leasing of machinery or equipment liable to the Tax on Investment Income.

¹²Any excess provisional settlements, duly evidenced, made in any of the previous five accounting periods may be deducted from the provisional settlement of the accounting period.

¹³However, if the final determination of the Industrial Tax results in a liability less than the provisional payment during the accounting period, that credit shall be set off against the liability of subsequent periods, subject to the general limitation of five years.

Final settlement and payment

| Filing obligation | Group | Information to accompany the tax return | Deadline |
|--|-------|---|----------|
| Tax Return Form No.1 In duplicate | A | <ul style="list-style-type: none"> • Profit & Loss Account by nature; • Balance Sheet; • Trial balance from the detailed general ledger before and after determination of the profit or loss, and the related appendices, duly signed by the accountant for their preparation; • Technical report in which the accountant who signed the financial statements and the tax return should comment succinctly on: <ol style="list-style-type: none"> i. Depreciation and amortisation charged, indicating the methods used, the rates applied and the opening and closing written-down values of the various assets involved; ii. The movements in all categories of inventory and the valuation criteria used in relation to it; iii. Provisions created and any changes to existing provisions; iv. Bad debts experienced; v. Capital gains realised; vi. Accretions to net worth/equity; vii. General administration costs, with special reference to remuneration of all types paid to management, as well as to all representation expenses paid during the accounting period; viii. ny changes in policies for recognising costs or revenues in the various activities or locations of the company; ix. Any other information deemed relevant to the correct determination of taxable profit and to the clarification of the financial statements or their components. | 31 May |
| Tax Return Form No.1 In duplicate and documentation to be retained at the taxpayer's premises | A | <ul style="list-style-type: none"> • Report by members of the management bodies; • A copy of the minutes of the General Meeting approving the annual accounts, or a document approving the accounts; • Balance Sheet; • Trial balance from the detailed general ledger before and after regularisation and rectification entries and determination of the profit or loss; • Profit & Loss account by nature and statement of cash flows; • Schedule of depreciation and amortisation of fixed assets; • General statement of all taxes paid during the accounting period. | 31 May |
| Tax Return Form No.1 | B | <ul style="list-style-type: none"> • Balance Sheet; • Trial balance from the detailed general ledger before and after regularisation and rectification entries and determination of the profit or loss, and the related appendices, • Technical report. | 30 April |
| Tax Return Form No.2 | B | Group B taxpayers who do not have proper accounting should file Tax Return Form No.2 in duplicate, with respect to their activities in the previous year, signed by their accountant, which permits a full understanding of the amounts received from sales and services and of purchases of goods and services. | (14) |

¹⁴The text of the Industrial Tax Code does not expressly state a deadline for filing the Tax Return Form No.2, although it does set a deadline of April 30 for payment of the liability.

Large Taxpayers

Group taxation regime

Corporate groups controlled by a large taxpayer may opt for taxation on the net aggregate of profits and losses of their member companies.

Requirements to qualify for the corporate group taxation regime

The companies are more than 90% owned, directly or indirectly, by the controlling company, which must hold more than half of the voting rights in them;

The controlling company and its subsidiaries must have their head office and effective management in Angola;

The controlling company's shareholding in the subsidiary must have been held for more than 2 years (except for companies incorporated by the controlling company);

The controlling company may not be owned by another company, with a head office and effective management in Angola, eligible for inclusion in a corporate group for tax purposes;

The controlling company and its subsidiaries may not:

- i. Be dormant for more than one year or have a process of insolvency, liquidation, dissolution or tax enforcement pending;
- ii. Have incurred tax losses in the two years prior to the date of requesting inclusion in the regime;
- iii. Have availed of the tax incentives available under the Private Investment Law.

Note: The application of this regime requires the prior submission of Form No.5 to the Large Taxpayers Division at least three months prior to the deadline for submission of the Industrial Tax return form No.1.

The transfer pricing regime

The tax authorities may make any necessary adjustments to taxable profit where, due to special relationships between the taxpayer and another entity, the conditions of a given transaction differ from those that would be normally agreed in transactions between independent entities.

Special relationships

Special relationships are deemed to exist between two entities when one has the power to exercise over the other, directly or indirectly, significant influence in its management decisions, particularly the following cases:

When members of the board of directors or managers of a company, as well as their spouses, parents, children, directly or indirectly hold not less than 10% of the share capital or voting rights in the entity;

When the majority of the members of the board of directors or management are the same people or, if they are different persons, they are connected to each other by marriage, de facto union or direct lineage;

When the entities are bound by a subordination agreement;

When they are in a controlling relationship and have cross-shareholdings in each other, as well as where they are linked by contract of subordination or partnership or a relationship having an equivalent effect as defined in the Commercial Companies Act;

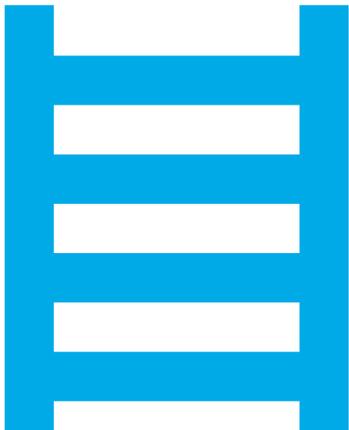
When the trade between one and the other represents more than 80% of its total turnover;

When one finances the other to a level of more than 80% of its loans.

Large Taxpayers who, in any accounting period, have an annual turnover of more than 7 billion AKZ should prepare a file that specifies and supports the relationships and prices between it and the companies with which it has a special relationship, which should be submitted within six months of the close of the accounting period (i.e. by June 30 of the following year).



Tax on employment income



Incidência subjectiva e âmbito de sujeição

Individuals resident and non-resident in Angola who derive income from the provision of services, directly or indirectly, to individuals or companies with a domicile, head office, place of effective management or permanent establishment in Angola are subject to this tax.

Income derived from the following shall always be regarded as arising in Angola:

- Activities of crew members of ships or aircraft belonging to companies with a head office, place of effective management or permanent establishment in Angola;
- Activities of the holders of management positions, board memberships and corporate offices of companies with a head office, place of effective management or permanent establishment in Angola.

Taxable income and gains

Income from self-employment or employment by others, expressed in money, even if paid in kind, whether or not under contract, periodic or occasional, fixed or variable, independent of where provided, location, currency, specified form, calculation or payment.

Income liable

Wages, salaries, wages, fees, retainers, gratuities, allowances, bonuses, commissions, attendance payments, emoluments, participation in fines, costs, margins, commercial and industrial income as well as other fringe benefits;

Allowances for shortages, daily representation allowances, trips or travel and any other amounts the same nature;

Remuneration paid to holders of shares in respect of work done by them in the relevant companies;

Remuneration paid to members of statutory boards of companies and equivalent entities;

Accretions to net worth and expenses actually paid for without proper proof of the source of payment;

Remuneration paid by political parties and other organisations of a political or social nature.

Tax Groups

Income subject to the employment income tax ("IRT") is divided into three groups: A, B and C.

| Group | Income |
|-------|---|
| A | <ul style="list-style-type: none">• All income received by employees and paid by the employer under a labour contract;• Income of workers whose employment relationship is governed by the legal regime governing public servants. |
| B | <ul style="list-style-type: none">• Income from self-employment activities involving the provision, on an independent basis, of activities included in the list of professions annexed to the IRT Code;• Income received by holders of offices of management or board membership in companies. |
| C | <ul style="list-style-type: none">• Income from carrying on industrial and commercial activities, in accordance with the list of minimum profits¹. |

¹Executive Decree No.15/09, of 3 March.

Determination of tax liability

| Group | Determination of tax liability | |
|---|--|---|
| | Taxable profit | Deductions from taxable profit |
| A | Total gross income | <ul style="list-style-type: none"> • Social security contributions; • Non-taxable or exempt components of taxable income |
| B (remuneration paid by companies or individuals with organised accounting) | Amount received | 30% of gross amount received |
| B (remuneration paid by other persons) | Determined on the basis of accounting records or accounting entries of the taxpayer or from other available records regarding purchases and sales and services provided or on the basis of data available to the tax office. | <ul style="list-style-type: none"> • 30% of gross income of taxpayers who do not have proper accounting; • Actual costs, up to a limit of 30%, for rental of premises, remuneration of permanent staff (not exceeding 3), water, electricity and communications, insurance, laboratory work in premises other than those used in the exercise of the taxpayer's business, other essential costs for ensuring the flow of income in the case of taxpayers with organised accounting. |
| B (remuneration of holders of offices of management or board membership in companies) | Total gross income | <ul style="list-style-type: none"> • Social security contributions; • Non-taxable or exempt components of taxable income |
| C (turnover less than 4 times the minimum value set out in the table of minimum profits) | The amount according to the table of minimum profits. | N/A |
| C (turnover equal to or more than 4 times the minimum value set out in the table of minimum profits) | The turnover of goods and services not subject to withholding tax during the accounting period. | N/A |
| C (services provided by the individual liable to withholding under the Industrial Tax Code – footnote) | The value of the service. | N/A |

²With regard to services envisaged in articles 67th and 71st and of the Industrial Tax Code, approved by Law 19/14 of 22 October, and in force since 1 January 2015, the following are expressly exempt from withholding tax:

The provision of the following services by resident entities:

- education services, services provided by kindergartens, milk kitchens, nurseries and similar establishments;
- medical and healthcare services and related services provided by clinics, hospitals and similar institutions;
- Any services valued at AKZ 20,000 or less;
- Passenger transport;
- Leasing of machinery or equipment which, by their nature, give rise to the payment of royalties as defined in the Investment Income Tax Code.
- Financial intermediation services and insurance services;
- Hotel services and similar;
- Telecommunication services.

The provision of the following services by non-resident entities:

- education services, services provided by kindergartens, milk kitchens, nurseries and similar establishments;
- medical and healthcare services and related services provided by clinics, hospitals and similar institutions;
- Any services valued at AKZ 2,000 or less;
- Passenger transport;
- Leasing of machinery or equipment which, by their nature, give rise to the payment of royalties as defined in the Investment Income Tax Code;

| Income excluded from taxable income | Limit |
|---|---|
| Payments received from the national social security service under the compulsory social security system; | No limit; |
| Gratuities received on the termination of a labour contract; | No limit; |
| Allowance for shortages; | 5% of base salary; |
| Family allowance paid by private employer; | 5% of base salary; |
| Social security contributions; | No limit; |
| Home rental subsidy paid by private employer ³ ; | 50% of the rent; |
| Compensation for termination of the labour contract independently of objective reasons; | Limits set out in the General Labour Law; |
| Salaries and other wages paid to casual agricultural workers or domestic staff by an individual or household; | No limit; |
| Subsidies paid by law to national citizens in respect of mobility, sensory or mental handicaps; | No limit; |
| Per diems, representation expenses and travel subsidies and paid to public sector employees; | Limits set by specific legislation; |
| Daily food and travel allowances paid to employees; | Limit of AKZ 30,000 per month in aggregate; |
| Reimbursement of expenses incurred by employees of entities subject to Industrial Tax or other special tax schemes when travelling in the service of their employer, provided that these expenses are duly documented in accordance with the Industrial Tax Code and complementary legislation; | No limit; |
| Christmas and holiday subsidies; | 100% of base salary. |

³Interested parties should submit a copy of the rental agreement to the tax office within 15 days of signature, or face taxation on the full subsidy.

Exemptions

The following payments are exempt from tax:

- Income of employees of foreign diplomatic and consular missions on condition of reciprocity;
- Income of personnel in the service of international organisations, pursuant to agreements ratified by the competent State body;
- Income from serving in non-governmental and similar organisations, in accordance with agreements with national authorities, with the prior approval in writing of the National Tax Director;
- Income of physically injured and disabled war veterans, whose degree of disability or incapacity is 50% or greater⁴;
- Employment income of nationals over the age of 60, in the case of employees;
- Income of former combatants, war disabled and the family of fallen or perished combatants from the carrying on of activities taxed under Groups A and B⁵;
- Income derived exclusively from the provision of military and paramilitary services in the Defence and Internal Order forces.



⁴Proved by the taxpayer presenting the documentation issued by the competent authority.

⁵Provided they are duly registered with the competent Ministry.

Rates

| Group | Taxable income AKZ | Rates on excess over top of previous band | |
|-------|--|---|-----------------------|
| | Up to 34,450 | Exempt | |
| | 34,451 – 35,000 | | excess 34,450 |
| | 35,001 – 40,000 | 550 plus | 7% On excess 35,000 |
| | 40,001 – 45,000 | 900 plus | 8% On excess 40,000 |
| | 45,001 – 50,000 | 1,300 plus | 9% On excess 45,000 |
| A | 50,001 – 70,000 | 1,750 plus | 10% On excess 50,000 |
| | 70,001 – 90,000 | 3,750 plus | 11% On excess 70,000 |
| | 90,001 – 110,000 | 5,950 plus | 12% On excess 90,000 |
| | 110,001 – 140,000 | 8,350 plus | 13% On excess 110,000 |
| | 140,001 – 170,000 | 12,250 plus | 14% On excess 140,000 |
| | 170,001 – 200,000 | 16,450 plus | 15% On excess 170,000 |
| | 200,001 – 230,000 | 20,950 plus | 16% On excess 200,000 |
| | Over 230,001 | 25,750 plus | 17% On excess 230,000 |
| B | Income received | | 15% |
| C | <ul style="list-style-type: none"> Income subject to withholding tax under the Industrial Tax Code paid by persons with organised accounting; Income equal to or higher than 4 times the maximum value provided in the table of minimum profits. | | 6,5% |
| | Income from industrial and commercial activities according to the table of minimum profits. | | 30% |

Settlement and payment

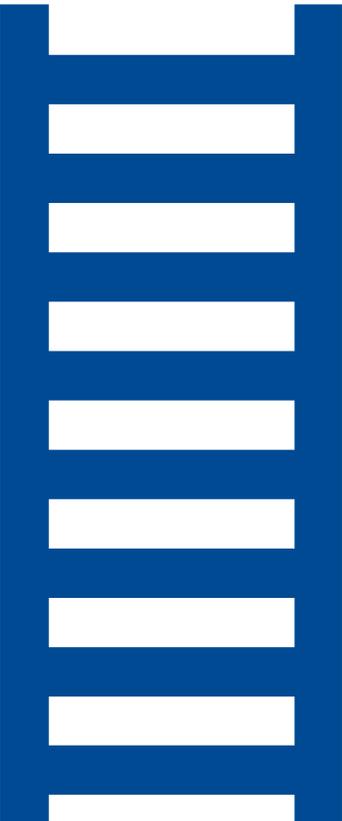
| Group | Responsible entity | Type of settlement | Deadline for payment |
|-------|---|--------------------|---|
| A | Employer | Withholding Tax | End of the month following that in which the income is paid |
| | Payer of income - Income paid by a legal person or by an individual with organised accounting | Withholding Tax | End of the month following that in which the income is paid |
| B | Payer of income – Income attributed to holders of management positions, board memberships and corporate officers of companies | Withholding Tax | End of the month following that in which the income is paid |
| | Recipient of income – All other cases | Self-assessment | 31 March in the year following that to which the income relates |
| C | paid by legal persons or by individuals with organised accounting | Withholding Tax | By the end of the month following that in which the income was paid; |
| | The recipient of the income, in all other cases | Self-assessment | By the end of March in the year following that to which the income relates. |

| Reporting obligation | Group | Information to report | Deadline |
|--|---|--|--|
| Return of income IRT Form No.1 | B (recipients resident in Angola) | Remuneration received in the previous year | 31 March in the year following that to which the income relates |
| Return of income IRT Form No.2 | A, B and C | <ul style="list-style-type: none"> • Full name and address of the recipient(s) of the income; • Taxpayer identification number of the recipient(s); • Social security number of each recipient; • Total amount of income paid; • Total amount of tax paid in the previous year. | End of February in the year following that to which the income relates |
| Official return form approved by executive decree of the Minister of Finance | C (Income equal to or higher than 4 times the maximum value provided in the table of minimum profits) | Sales and services provided and purchases made and services contracted not subject to withholding tax during the previous tax year. | 31 March of the year following that to which the income relates |
| Schedule of remuneration | A (Where the employer has more than three employees, including those exempt from tax) | Remuneration paid during the previous month and the amounts withheld. | Monthly |
| Return of income IRT Form No.3 | B and C (on cessation of activity) | Information on the termination of activity and the income since the last reported period, in accordance with the applicable rules. | Where applicable, in accordance with the relevant rules |

Ancillary obligations

| Group | Ancillary obligation |
|------------|---|
| A, B and C | Retain all relevant accounting documentation for the correct computation of tax liability for a period of 5 years as well as the documents and records which support the tax returns. |
| B | Registering with the General Registry of the tax office responsible for the care and management of taxes, prior to commencing activity. |
| A | Issue documents proving remuneration paid and tax withheld, by way of monthly payslips. |

Investment Income Tax



Persons liable

The Investment Income Tax (literally, the Tax on Application of Capital – “Imposto sobre a Aplicação de Capitais” commonly abbreviated to “IAC”) is due by recipients of this type of income, without prejudice to its collection from others in accordance with the provisions of the IAC code.

Taxable income

The IAC is levied on income from the simple application of capital and is divided into two sections: A and B.

| Section | Income |
|---------|---|
| A | <ul style="list-style-type: none">• Interest on capital lent^{1,2};• Income from credit agreements¹;• Income arising from the deferral of an instalment or late payment, even if received as compensation or under a contractual penalty clause;• Bills of exchange and promissory notes of a different nature from mere payment notes or the payment of which is delayed, in which case they assume the nature of placement of securities. |
| | <ul style="list-style-type: none">• Profit attributable to shareholders of commercial or civil companies in commercial form as well as the repatriation of profits attributable to permanent establishments of non-residents in Angola;• Amounts or values assigned to members of cooperatives, provided they constitute remuneration of capital;• Interest, premiums on the cancellation or repayment and other forms of remuneration of bonds, participation certificates or other similar securities issued by any company;• Interest on shareholder loans or other financial support provided by the partners or shareholders to companies that are not S.A.'s or “em comendita por ações”, as well as remuneration on these that has not been drawn down by the end of the year of its attribution³;• The balance of interest computed and entered in a current account;• Amounts awarded to sole traders or companies as compensation for the suspension of their business;• Profits that sole traders or companies receives in the form of a profit share;• Issue of shares with preferential subscription rights (rights issues)⁴; |
| | B |

¹It is presumed that loans and credit facilities (except where granted by corporate bodies or involving amounts due under a final court order) bear interest at a rate of 6%, where another higher rate is not stipulated in the underlying document or has not been declared, it being understood that interest begins to accrue on loan agreements from the date of the agreement and, in the case of credit facilities, from the date of drawdown.

²Capital placed on deposit with its repayment guaranteed in any form is presumed to be lent.

³Shareholders' loans, contributions and the profits referred to are always assumed to give rise to income, which may not be less than the annual interest rate set by the National Bank of Angola for credit granted by commercial banks to companies.

⁴The amount taxable in this case is the difference between the issue price and the value of the shares issued in the increase of capital, and the discount granted from the price charged to the public is treated as a preference reserve.

⁵Where the capital gains or losses are realised in a regulated market and arise on the disposal of shares, bonds issued by private companies, treasury bills, treasury bonds and central bank securities with a maturity of 3 years or more, only 50% of the gain or loss is taken into account for tax purposes.

⁶In this case, the taxable amount or loss is the difference between the disposal proceeds and the costs of acquiring and selling the securities.

Territoriality

| Section | Income |
|----------|--|
| A | <ul style="list-style-type: none">Income from capital invested in Angola⁷, as well as income paid by entities with a residence, head office, effective management or permanent establishment there to which the payment is attributable;Income paid to individuals or corporate entities, national or foreign, that have a residence, head office, effective management or permanent establishment in Angola to which the income is attributable |
| B | <ul style="list-style-type: none">Income paid by an individual or company with a domicile, head office or effective management in Angola;Income made available through a permanent establishment in Angola;Income received by an individual or company with a domicile, head office or effective management in Angola;Income attributable to a permanent establishment in Angola. |

Exemptions

| Exempt income | |
|---------------|---|
| Section | Income |
| A | <ul style="list-style-type: none">Interest on credit granted by traders on sales of products or provision of services in the course of their trade or business as well as interest or any compensation for late payment of the price;Interest on loans on policies of life insurance, given by insurance companies;Income of financial institutions and cooperatives, when liable to Industrial Tax, even if exempt from it; |
| B | <ul style="list-style-type: none">Profits or dividends distributed by an entity with a head office or effective management in Angola to a company or equivalent entity that has held not less than 25% of its share capital for more than a year prior to the distribution of the profits;Interest on instruments aimed at encouraging savings, approved in advance by the Ministry of Finance, on the basis of an opinion of the AGT with input from the National Bank of Angola, up to a limit of AKZ 500,000 per person;Interest on home savings accounts created by financial institutions. |

| Exempt entities | |
|-----------------|---|
| A and B | <ul style="list-style-type: none">The state, public institutes and local authorities⁸;Public social welfare and social security institutions, except where the income arises from the carrying on of economic activities governed by the regulations applicable to private enterprises;Political parties, trade unions, public associations and legally constituted religious institutions, except where the income arises from the carrying on of economic activities governed by the regulations applicable to private enterprises;Social, cultural, scientific, humanitarian and professional organisations, public or private, of recognised public interest and without a profit motive that meet the requirements laid down in law, subject to recognition by the competent entities. |

⁷Capital invested by means of documentation formalised in Angolan territory or the repayment of which is secured on assets located there, is presumed to be totally applied in Angola.

⁸Exemptions granted in accordance with the provisions of the General Tax Code.

Rates

| Section | Income | Rates |
|---------|--|-------|
| A | All income in this section. | 15% |
| | <ul style="list-style-type: none"> • The balance of interest computed or credited to a current account; • Winnings from games of chance, prizes, raffles, lotteries or betting, whatever their nature or origin; • Any other income derived from the simple application of capital, not included in Section A. | 15% |
| | <ul style="list-style-type: none"> • Amounts awarded to sole traders or companies as compensation for the suspension of their business; • Profits distributed to shareholders of commercial or civil companies in commercial form as well as the repatriation of profits attributable to permanent establishments of non-residents in Angola, where the shares are admitted to trading on a regulated market for a period of five years after the entry into force of the relevant legislation; | |
| B | <ul style="list-style-type: none"> • Interest, premium on redemption or refund and other forms of remuneration of obligations of private companies, treasury bills, central bank bonds and treasury securities listed on a regulated market and with a maturity equal to or greater than 3 years; • The amount of interest computed from the date of final maturity or issue, first placement or endorsement, if it has not fallen due before the date of transfer of private corporate bonds, treasury bills, treasury bonds and central bank securities and the premiums on cancellation or repayment and other forms of remuneration of those securities, when listed on a regulated market and with a maturity equal to or greater than 3 years. | 5% |
| | <ul style="list-style-type: none"> • Other income included in Section B. | 10% |

Settlement and payment

| Section | Income | Responsible entity | Deadline |
|---------|--|--|---|
| A | <ul style="list-style-type: none"> All income | <ul style="list-style-type: none"> Recipient of income with a residence, head office, effective management or permanent establishment in Angola; The payer of the income, where it is due by an individual or company with organised accounting to individuals or where the recipient of the income does not have a residence, head office, effective management or permanent establishment in Angola. | By the end of the month following that to which the income relates. |
| B | <ul style="list-style-type: none"> Income not liable to withholding tax; Issue of shares with referential subscription rights. | <ul style="list-style-type: none"> Holders/recipients of the income. | By the end of the month following that to which the income relates. |
| | <p>Income subject to withholding tax:</p> <ul style="list-style-type: none"> All other income included in Section B. | <p>Payer of the income with residence, head office, effective management or permanent establishment in Angola;</p> <p>Holders/recipients of the income where the payer of the income does not have residence, head office, effective management or permanent establishment in Angola</p> | <p>In the case of i) profits distributed to shareholders of commercial companies or civil companies in commercial form, as well as the repatriation by non-residents of profits of their permanent establishment in Angola, ii) amounts or securities paid to members of cooperative companies, provided they constitute remuneration of capital and iii) interest on shareholder loans and other benefits granted by shareholders to companies, as well as their income that, having been attributed to shareholders (other than by S.A. companies or cooperatives) has not been withdrawn by them by the end of the year of attribution, by the end of the month in which any of the following occurs:</p> <ul style="list-style-type: none"> The approval of the management accounts. <p>or</p> <ul style="list-style-type: none"> The placing of the related funds at their disposal in advance of the closing of the accounts or independently of their formal approval. <p>In the case of i) income from bonds and other forms of remuneration from private companies, treasury bills and bonds and securities issued by the central bank, ii) the balance of interest computed on a current account and iii) interest on demand and time deposits, by the end of the month following that in which the interest becomes payable;</p> <p>In other cases, by the end of the month following that of settlement or the making available of the income.</p> |

Tax is paid by completing and submitting a Revenue Collection Document (“DAR”), together with the appropriate means of payment, to a bank branch legally indicated for this purpose.

Tax withheld should be paid to the taxpayer’s local tax office or, failing that, in the main establishment of the entity that it should proceed or situation permanent establishment.

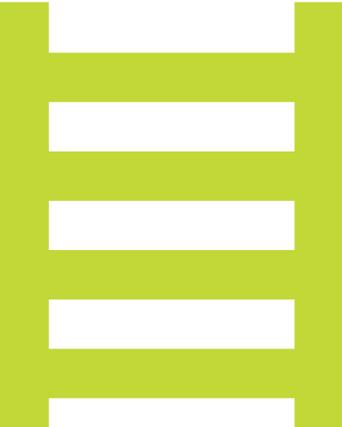
Reporting obligations

| Section | Obligation |
|---------|--|
| A | <ul style="list-style-type: none">• Persons obliged to settle the tax should submit a return of all income received, paid or made available to its recipients by the end of January in the year following that in which the receipt, payment or availability occurred;• Grantors of credit or their representatives are obliged to declare, within 30 days, any changes in the information included in the return that might increase the tax liability, and should also declare incomplete income and any other changes that imply a reduction of tax. |
| B | <ul style="list-style-type: none">• Persons obliged to settle the tax should submit a return of all income received, paid or made available to its recipients by the end of January in the year following that in which the receipt, payment or availability occurred;• Corporations, and companies limited by shares or quotas, that have increased their capital by way of a rights issue with preference given to existing shareholders, should declare that to their local tax office within 30 days from the date of the related notarial deed, together with payment of any tax due. This obligation also applies to corporations arising from the conversion from private limited company (“sociedade por quotas”) status, where the right to subscribe for shares is restricted to the quota holders. |

Ancillary obligations

| Section | Obligation |
|---------|---|
| A | <ul style="list-style-type: none">• Corporate bodies are required to keep a book recording loans, which must be entrusted to the employees responsible for tax compliance. |
| B | <ul style="list-style-type: none">• Commercial companies and civil companies in commercial form that have their headquarters, effective management or the main permanent establishment or core premises in Angola, should, by the end of the month following approval of the accounts of each year, send to their local tax office a copy of their balance sheet and profit & loss account, indicating the date of approval of the accounts and the management report and the opinion of the audit board. |

Urban Property Tax



Incidence

| Status of the property | Taxable amount | Taxpayer |
|------------------------|--|---|
| Rented | Amount of rent, expressed in monetary terms. | Owner of the rentals of the premises |
| Not rented | Rateable valuation ¹ | Owner, occupier or holder of the surface rights |

Exemptions

The following entities are exempt from IRU:

Entidades isentas

The state, public institutions and associations that have public utility status;

Foreign states, where the property is used for their diplomatic representation, provided there is reciprocity²;

Religious institutions legally recognised, provided the property is used exclusively for religious purposes³.

¹The valuation for IPU purposes is always the higher of the amount set by a valuation or the value at which the asset was last transferred.

²Exemptions recognised by order of the Angolan tax authorities, in response to an application by the interested entities, based on the favourable opinions of the Foreign Ministry and the National Institute for Religious Affairs (INAR, A.P.).

Determination of taxable amount and rates

| Status of property | Taxable amount | Rate |
|--------------------|---|--|
| Rented | Rent received each year, minus 40% of expenses related to the property ³ . | 25% ⁴ - (effectively 15%) |
| Not rented | Rateable valuation ⁵ . | Rateable valuation less than AKZ 5,000,000 |
| | | Rateable valuation above AKZ 5,000,000 |

| Status of property | Tenant | Form of payment | Person liable for payment of tax | Deadline for payment |
|--------------------|--|---|----------------------------------|---|
| Rented | Company with organised accounting.a. | Withholding from rent payment. | Tenant ⁶ | Within 30 days of the end of the month in which tax was withheld. |
| | Individual without organised accounting. | No withholding from rent. Self-assessment by the owner by 31 January of the year following that in which the rent was received, at the time of filing the IPU tax return Form No.1. | Owner | Payable in equal instalments in January and July. |
| Not rented | | Self-assessment by the owner by 31 January of the year following that in which the rent was received. | Owner | Payable in equal instalments in January and July ⁷ . |

³Where the property ceases being rented, it will be taxed as a non-rented property, based on the rateable valuation proportionate to the remaining part of the year.

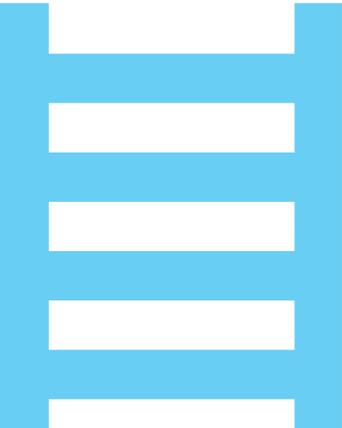
⁴This rate may not reduce the tax below 1% of the rateable valuation of the property.

⁵Where the rateable valuation has not yet been determined by a general valuation of the property, the amount shown in the municipal property register should be used.

⁶The taxpayer, on pain of being made liable for payment of the tax due, is obliged to prove, by way of a document ("DAR") evidencing payment of the tax to the state, that the tenant has complied with the withholding obligation.

⁷Where properties are not rented, IPU may be paid in four instalments in January, April, July and October if this intention is declared in July of the previous year.

Stamp Tax



Incidence and territorial scope

Stamp duty is levied on all acts, contracts, documents, transactions in securities and other acts listed in the table annexed to the Stamp Duty Code or special laws, which take place in the country.

The following are also subject to stamp duty:

- Documents issued or acts or contracts concluded outside Angola, on the same terms as would apply if they were issued or entered into in the country and are presented there for any legal purpose;
- Loans and guarantees granted abroad any entity with head office, subsidiary, branch or permanent establishment in Angola;
- Interest, fees and any amounts charged by entities domiciled abroad to any entities a head office, subsidiary, branch or permanent establishment in Angola;
- Insurance made abroad relation to risk located in Angola.

Persons liable

The following taxpayers, among others, are obliged to remit the tax to the state:

Liabilities subject

Notaries, keepers of civil, commercial, or land registries and of records of other assets subject to registration as well as other public entities;

Entities granting credit and guarantees or creditors of interest, premiums, commissions and other payments derived from contracts of a financial nature;

Credit institutions, finance companies and other entities legally equated to them resident in national territory who intermediate in credit transactions. in the provision of guarantees, interest, commissions and other charges due by residents in the same territory to non-resident credit institutions or finance companies;

Lessors under finance or operating lease contracts, in relation to amounts charged;

Insurers or insured, in accordance with insurance contracts concluded in Angola or abroad;

Issuers of bills of exchange and other securities, issuers of cheques and promissory notes or, in the case of securities issued abroad, the first entity involved in the negotiation or payment;

Lessors and sub-lessors in leases and subleases;

Entities issuing bills of exchange and other credit notes, entities issuing cheques or promissory notes, or, in the case of securities issued abroad, the first entity involved in their negotiation or payment;

The assigner of a lease of a business, industrial or agricultural establishment.

The tax is a charge on those entities that in the course of transactions liable to Stamp Tax are regarded as the holders of the related economic interest. The following, among others, are regarded as holders of the related economic interest:

| Transaction chargeable | Holder of the economic interest |
|---|--|
| Acquiring assets free of charge or for valuable consideration, property rights or similar over immovable property; | The acquirer; |
| Granting credit; | The borrower; |
| Financial and operational leasing; | The lessee; |
| Letting and subletting; | The landlord and the sublessor; |
| Interest, commissions and other transactions entered into by financial or intermediation of credit institutions, companies or other financial institutions; | The customer of these entities; |
| Incorporation of a capital company, capital increase and transfer of headquarters out of Angola; | The company being incorporated, the company whose capital is being increased or the company being transferred, as appropriate; |
| Insurance and mediation; | The insured and mediator, respectively; |
| Guarantees; | The entity obliged to present them; |
| Bills and promissory notes and other securities; | The drawee, the debtor and the creditor, respectively; |
| Cheques; | The account holder; |
| Repurchase agreements | The first acquirer; |
| Goodwill; | The acquirer. |

In cases where there is more than one holder of the economic interest, the tax burden is divided between them.

Exemptions

Exempt transactions

The following, among others, are exempt from Stamp Tax:

Loans granted for up to 5 days, micro credit and loans granted under "youth accounts" and "third age accounts" where the monthly amount does not exceed, in each month, AKZ 17,600 and any interest and fees charged in connection with these;

Credits arising from the use of credit cards, where payment to the issuer of the card is made without payment of contractually defined interest;

Shareholder loans to a company, including interest, for an initial period of not less than one year and not repaid early;

Export-related credit, duly evidenced with customs clearance documents as well as any related interest and fees;

Interest, fees and commissions due under contracts for mortgage loan finance;

Fees charged on the opening and use of any savings accounts;

Interest on treasury bills, treasury bonds and central bank securities;

Premiums received for reinsurance of companies operating legally in Angola;

Security deposit made to the State and other public bodies except state-owned companies;

Marketable securities sold, when transferred on a regulated market;

Employment contracts;

Cash management transactions between companies in a group relationship.

Fees charged by virtue of subscription, deposit or redemption of units in investment funds, as well as pension fund charges;

Repurchase agreements involving securities acquired rights or other financial instruments traded on a regulated market

Premiums and commissions on life assurance and work accident insurance, health insurance and agricultural and livestock insurance;

The transfer of property in the context of mergers, spin-offs or demergers, under the Companies' Act, as long as necessary and authorised in advance by the AGT;

Export transactions, except exports of goods provided in the table annexed to the Stamp Duty Code;

Transactions, including interest, for a period not exceeding one year, provided that they are exclusively designed to cover cash needs when carried out by holders of share capital to entities in which they hold directly not less than 10% provided that it has remained in their ownership for a continuous period of at least a year or since the incorporation of the entity, provided that, in the latter case, the participation is maintained for that period;

Exempt persons

The following entities are exempt from Stamp Tax:

The Government and any of its departments, institutions and organisations, even if personalized, except state-owned companies;

Public utility associations recognised under the Act, except when carrying on economic activities of a business nature;

Public institutions of welfare and social security, except when carrying on economic activities of a business nature;

Legally established religious institutions, except when carrying on economic activities of a business nature.

Rates and tax base

The tax rates to apply are those set out in the table annexed to the Stamp Tax Code in force at the time the tax is due, with no duplication in the same fact or transaction. If more than one rate applies to a transaction, the highest shall prevail.

A non-exhaustive list of transactions subject to stamp duty is set out below showing the related fees and tax base:

| Transactions | Tax Rate |
|---|--------------|
| The acquisition for valuable consideration or free of charge of property rights, or part-rights over property, and the cancellation, invalidity or extinction, by mutual consent, of such contracts - on their value. | 0.3% |
| Letting and subletting: | |
| • On the value, increased rent or extension of rental or sub-rental contract of residential property; | 0.1% |
| • On the value, rent or extension of rental or sub-rental contract of premises used in a commercial, industrial, or independent professional activity. | 0.4% |
| Cheques of any kind (per ten). | AKZ 100.00 |
| Civil deposit in whatever form. | 0.1% |
| Incorporation of a company – on the value of any assets contributed by the shareholders after deduction of liabilities assumed and expenses borne by the company as a result of each contribution. | 0.1% |
| Capital increase in a company by contribution of assets entry of any kind – on the value of the assets of any nature delivered by the shareholders after deduction of liabilities assumed and expenses borne by the company as a result of each contribution. | 0.1% |
| Other contracts not specifically provided for in the General Stamp Tax table including payments to government entities - for each. | AKZ 1,000.00 |

Guarantees of obligations, whatever their nature or form, including guarantees, security, autonomous bank guarantees, surety, mortgages, pledges and security deposits, unless materially accessory to specially taxed contracts in the table, considering as such those made within 90 days of the conclusion of the security agreement the guaranteed obligation even in instruments or different securities, or case of a pledge of future goods as long as it is entered in the main contract - on its value, depending on the term, considering always as a new transaction the extension of the term of the contract:

- | | |
|--|------|
| • Guarantees of less than a year; | 0.3% |
| • Guarantees lasting a year or more; | 0.2% |
| • Guarantees for an unspecified period, or lasting five years or more; | 0.1% |

Financing transactions:

The use of credits in the form of funds, goods and other values by the grant of credit in any way, including documentary credit, the assignment of receivables, factoring and treasury transactions when involving any type of financing, except issues of debt securities admitted to trading on a regulated market, and in the case of extension of the term of the contract, the tax is recalculated according to the total contract period and the tax already paid is deducted from the amount computed:

- | | |
|--|------|
| • Credit term not exceeding one year; | 0.5% |
| • Credit term one year or more; | 0.4% |
| • Loans for a term of five years or more; | 0.3% |
| • Credit used in the form of a current account overdraft or any other form in which the period of use is not determined or determinable, on the monthly average obtained from the sum of the outstanding daily balances during the month, divided by 30; | 0.1% |
| • Mortgage loans. | 0.1% |

transactions carried out by or with the intermediation of credit institutions, financial corporations or other entities legally equivalent to them and any other financial institutions (on the value of the transaction):

- | | |
|---|------|
| • Interest & discount on bills of exchange and loans through credit accounts and revolving credit facilities; | 0.2% |
| • Premiums and interest on promissory notes; | 0.5% |
| • Commissions on guarantees provided; | 0.5% |
| • Other commissions and charges for financial services. | 0.7% |

| | |
|--|------|
| The exchange of foreign currency notes, conversion of national into foreign currency for individuals – on the amount expressed in national currency. | 0.1% |
|--|------|

Leasing transactions:

- | | |
|---|------|
| • Leasing of movable assets – on the lease rental; | 0.3% |
| • Finance and operating leases on tangible movable assets, including maintenance and technical assistance – on the amount paid. | 0.4% |

| | |
|--|------|
| Repurchase agreements – on the contract price. | 0.5% |
|--|------|

Insurance policies - on the sum of insurance premiums, the policy costs and any other amounts which are revenue of insurers, charged together with the premium or in a separate document:

- | | |
|--|------|
| • Guarantee insurance; | 0.3% |
| • Insurance of maritime and inland waterway risks; | 0.3% |
| • Insurance of aeronautics; | 0.2% |
| • Export-related insurance, not included in the above; | 0.1% |
| • Insurance of any other kind. | 0.3% |

Bills of exchange, promissory notes, money orders and writs of any kind, excluding cheques, in which payment or delivery of money is determined with clauses governing its order or arrangement, even in the form of correspondence - On its value, with a minimum of AKZ 100.

0.1%

Receipts for the acquittance of credits arising from a commercial or industrial activity, in cash or kind, with the exception of credits arising exclusively from housing rental by individuals

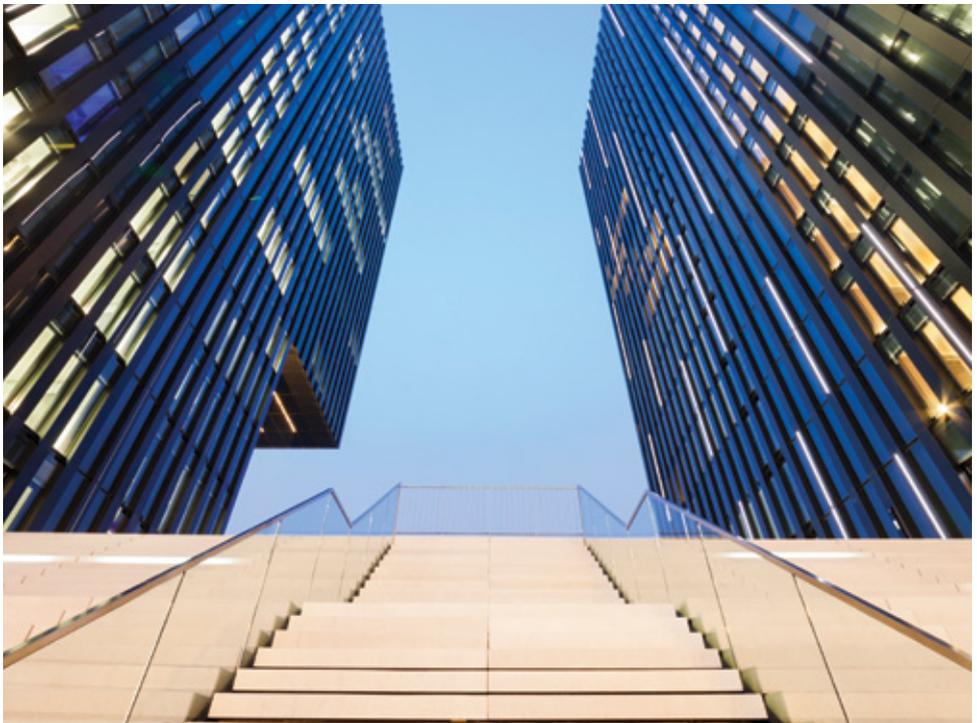
1%

Credit facilities granted in any private or public written document - on their value.

0.1%

The sale or assignment of any commercial property in use in a business, industrial or agricultural and concessions and transfers made by the State and the provinces to exploration companies or services of any kind - on its value.

0.2%



Other acts subject to Stamp Tax

Transactions liable:

Formal statements and declarations made before public bodies;

The deposit, in any public service, of documents by associations and other institutions whose statutes require it;

Conversion into a company, association or corporate entity that is not a capital company;

Exploration, research and exploration of integrated geological resources in the public domain of the State;

An increase in a company's assets by the contribution of assets or goods of whatever kind;

Games of chance;

Licences, in particular for the installation of electronic entertainment machines and vending machines for the automatic sale of goods, as well as the operating of catering and hotel establishments;

Patents and trademarks;

Notarial acts;

Customs import and export transactions (of certain goods);

Public debt securities issued by foreign governments when placed on the market in the country;

Writs;

Advertising;

Records and endorsements of movable property

Settlement

Settlement of the stamp duty is carried out by means of guide through the application of their money.

Contracting with non-tax resident entities in Angola

Entities resident in Angola who hire non-resident entities are to be settled and deliver the tax due, in situations where it would fall to non-residents the duty to settle the tax.

Hiring by the State and public bodies

In contracts where the State or other public bodies, except for companies public, are part of the tax assessment is made on the payment of provision.

Payment

Payment of stamp duty is by presenting a Document of Tax Settlement (DLI), discriminating, attached the tax levied under each of the sums of the table, the supporting entities in their accounting books and their registration, the existing realities. Payment must occur by the end of the month following that in which the tax obligation has lodged.

| Reporting obligation | Liable entity | Information to report | Deadline |
|-----------------------------------|--|--|---|
| Annual tax return (official form) | Stamp Tax taxpayer ou Legal representative | Stamp Duty paid on the acts, contracts and transactions provided for in the table annexed to the Stamp Tax Code; | End of March in the year following that in which the taxable events occurred. |

Accounting requirements and documentation file

Taxpayers who are required to have accounting under the General Accounting Plan should organise it to permit clear and unequivocal access to the information needed to ascertain the stamp duty paid, as well as to permit control over it.

Conditions to be met:

The value of the transactions and acts carried out subject to tax must be identified according to the applicable amount in the table attached to the Stamp Tax Code;

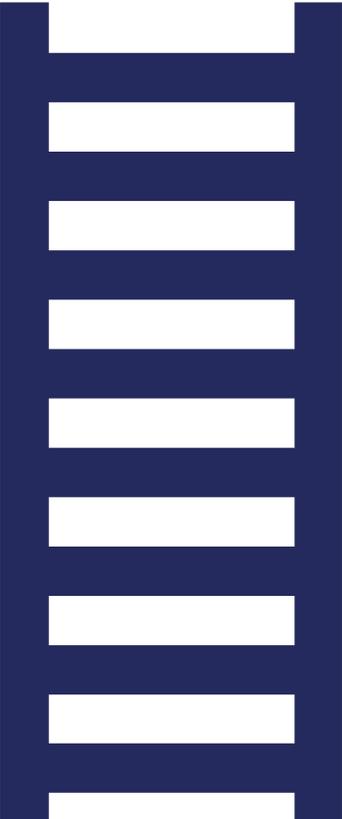
The value of the tax paid shall be identified according to the applicable amount in the table attached to the Stamp Duty Code;

The amount of tax settled must be shown by reference to the applicable head of charge in the table annexed to the Stamp Tax Code;

The value of offset tax must be identified.

The documents supporting the accounting records and documents supporting payment of the tax must also be kept in good order for five years.

Consumption tax



Transactions liable

The following are liable to this tax:

The production and import of goods, whatever their origin;

The auction or sales made by customs or other any public services

The use of goods or raw materials out of the production process and benefiting from the exemption of tax;

The provision of water and energy;

Electronic communications and telecommunications services, regardless of their nature.

Hotel services and other activities to other related or similar;

The letting of areas specially prepared for collection or collective parking of vehicles;

The leasing of machinery or other equipment, excluding the leasing of machines or other equipment which, by their nature, give rise to the payment of royalties as defined in the IAC code;

The rental of areas prepared for conferences, conventions, exhibitions, advertising or other events;

Consulting services, namely legal, tax, financial, economic, real estate, accounting, computer, engineering, architectural, auditing, bookkeeping and legal representation services;

Photographic services, developing films and image processing, computer services and website design and creation;

private security services;

Travel and tourism services promoted by travel agents or tour operators or similar activities¹;

Management of shopping facilities, canteens, dormitories and condominiums;

Access to shows or cultural, recreational or sporting events;

The rental of motor vehicles.

¹Only the amount charged by the agency or intermediation service provided by travel agencies, tour operators or equivalent is considered subject to consumption tax, excluding the value of any tickets, reservations or any other goods or services sold by them, whether on their own behalf or on behalf of third parties.

Persons liable

- Those who produce, make or transform goods by whatever processes or means;
- Those who auction or sell seized goods;
- Importers;
- Providers of any other services listed in the scope of incidence of this tax.

Rates

The overall rate of Consumption Tax is 10%, except for goods listed in Tables I, II and III annexed to the Consumption Tax Regulation, to which the rates specifically provided for therein apply.

Goods produced in angola and imports

| Transactions | Rate | Notes |
|--|-----------|--|
| Goods produced in Angola or imported liable at the reduced rate. | 2% | Agricultural goods, livestock, fish and unprocessed minerals and primary forestry materials are not subject to this tax. |
| Goods produced in Angola and imports liable at the higher rates. | 20% / 30% | Typically associated with consumer goods regarded as luxuries or non-necessities (e.g. alcoholic beverages, tobacco products, cars). |

Provision of services

| Transactions | Rate |
|---|------|
| The provision of water and energy; | 5% |
| Electronic communications and telecommunications services, regardless of their nature; | 5% |
| Travel and tourism services promoted by travel agents or tour operators or similar activities; | 5% |
| Hotel services and other activities to other related or similar; | 10% |
| The leasing of machinery or other equipment, excluding the leasing of machines or other equipment which, by their nature, give rise to the payment of royalties as defined in the IAC code; | 5% |
| The rental of areas prepared for conferences, conventions, exhibitions, advertising or other events; | 5% |
| The letting of areas specially prepared for collection or collective parking of vehicles; | 5% |
| Consulting services, namely legal, tax, financial, economic, real estate, accounting, computer, engineering, architectural, auditing, bookkeeping and legal representation services; | 5% |
| Photographic services, developing films and image processing, computer services and website design and creation; | 5% |
| Private security services; | 5% |
| Management of shopping facilities, canteens, dormitories and condominiums; | 5% |
| Access to shows or cultural, recreational or sporting events; | 10% |
| The rental of motor vehicles. | 5% |

Exemptions

The following are some of the transactions exempt from the Consumption Tax:

Exempt transactions

Exports of goods by their producer, or by entities set up for that purpose;

Imports of goods by international organisations and diplomatic and consular missions, where reciprocal treatment applies²;

Manufactured goods produced using traditional handicraft methods;

Raw materials and subsidiary materials, incorporated in the process of manufacturing equipment and spare parts, duly certified by the supervising ministries and a declaration of exclusivity;

Animal-breeding³;

Services resulting from legal transactions where the buyer is a petroleum investment company, domestic or foreign, operating exclusively under a concession during the exploration and development stage, up to the date of first commercial production⁴.

²Where the goods acquired are exclusively for diplomatic or consular missions or organisations accredited in Angola and provided those entities are clearly and unequivocally identified in the invoice or equivalent document.

³By means of information from the veterinary services, which should include an evaluation of how the activity may contribute to the improvement and progress of national production.

⁴The exemption does not apply to water and energy supplies, the provision of electronic communications and telecommunications services, hotel and related or similar services and admission to sporting, recreational or cultural events. Exemption a Certificate of Exemption issued by the Angolan tax authorities on the basis of an application by the petroleum investing company. For purposes of non-payment of the tax, the petroleum investing company should send an authenticated copy of the exemption certificate to the supplier of goods or services, and the related invoice or equivalent document should bear the statement "transaction exempt under Certificate of Exemption number..."

Responsibility for settlement

The obligation to settle Consumption Tax liability falls generally on producers and service providers at the time of accounting for invoices or similar documents.

| Transactions | Accountable entity |
|--|--|
| Goods produced in the country; | The producer; |
| Imports; | The customs authorities; |
| Other supplies of goods and provision of services; | The relevant supplier or provider; |
| Services obtained from non-residents of Angola; | Entities with a domicile, head office, effective management or permanent establishment in Angola that obtains services from non-residents ⁵ ; |
| Other cases; | The local tax office; |
| Services provided to petroleum investment companies; | The petroleum investment company ⁶ . |

Burden of the tax

The consumption tax is levied on purchasers of goods and services subject to taxation. Where the exemption scheme described above does not apply, the entities providing services to petroleum investment companies should settle the tax at the time of issue of the invoice or equivalent document, and the petroleum investment company involved should record the amount of the tax at the time of payment.

⁵This rule does not extend to the services of providing water and energy, as well as communications and telecommunications services, and hotel and similar services.

⁶This rule does not extend to the services of providing water and energy, as well as communications and telecommunications services, hotel and similar services and admission to sporting, recreational or cultural events.

Timing of settlement

The obligation to settle the tax arises at the following moments:

| Entity liable for settlement | Time when obligation crystallises |
|--|--|
| Producers, suppliers of goods and providers of services; | At the time of processing the relevant invoice or equivalent document; |
| Services of auctioning or selling goods; | At the time of payment, or, in cases of part-payment or instalments, at the time of the first such payment.; |
| Customs authorities; | At the time of customs clearance; |
| Local tax office; | At the time the tax is computed. |

Due date for tax

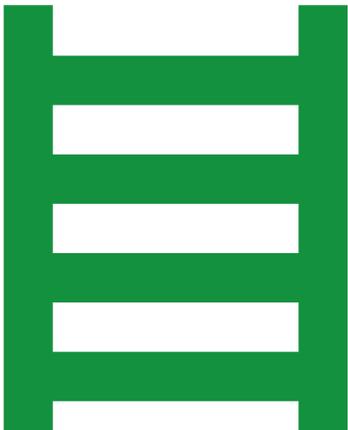
Consumption Tax applicable to services is due for settlement and payment purposes at the time payment of the invoice or equivalent document is effectively received.

Payment of tax

Consumption Tax is payable by the entity responsible for its settlement. Tax is paid by completing and submitting a Revenue Collection Document ("DAR") to a bank branch or other entity indicated for this purpose together with the appropriate means of payment.



Gift and Inheritance Tax and the Property Transfer Tax



Scope of tax

The Gift and Inheritance Tax and the Property Transfer Tax ("Sisa") apply to all acts that involve the perpetual or temporary transfer of immovable property regardless of value, type or nature, whatever the formal name or description of the transfer. The two taxes are distinguished from each other primarily by the scope of their application/incidence. The Property Transfer Tax, as a rule, is due only on real estate transfers for valuable consideration while the Gift and Inheritance Tax applies to transfers of both real and personal property free of charge or at undervalue.

Specific incidence

The Gift and Inheritance Tax and the Property Transfer Tax ("Sisa") apply to any:

Contract of sale, barter or exchange;

The perpetual or temporary transfer of property, for consideration, concessions granted by the Government for the operation of industrial enterprises of any kind.

¹The regulation for the Settlement and Collection of Gift and Inheritance Tax and the Property Transfer Tax was approved by Legislative Order No.230 of 18 May, 1931. The regulation has undergone various changes in subsequent legislation, including Law No.15/92 of 3 July, and Law No.16/11 of 21 April.

Specific incidence

| Property Transfer Tax | Gift and Inheritance Tax |
|--|---|
| Long-term rentals (for twenty years or more); | Rights of occupation for residential purposes; |
| The acquisition of shares in any property-owning company incorporated under the Companies' Act or Civil Code when, as a result of the acquisition, cancellation or any other acts, any of the shareholders becomes the holder of 50% or more of the capital and it is proved that the main objective in acquiring the shares was the acquisition of real estate; | The free transfer of movable or immovable assets of any kind or nature, under certain conditions comprising cash, public debt securities shares and bonds of banks, limited companies or corporations; |
| Acts that involve the transfer of improvements to rural or urban property; | The transfer on death of foreign debt securities, of whatever kind, of the state or administrative subdivisions, currency exchange bills, and shares or bonds issued by foreign companies or similar entities where transfer occurs as a result of succession, forced distribution, liquidation or apportionment in accordance with applicable legislation. |
| Transfers of real property that increase the part that the acquirer already owns in immovable property; | The transfer inter-vivos of the same securities to national or foreign citizens, where it takes place in Angola; |
| Remission of goods in judicial executions; | The transfer mortis-causa of the same securities when effected by a foreigner domiciled in Angola; |
| The supply of assets directly to creditors, with the obligation to pay them; | Legacies left to beneficiaries of a will; |
| The transfer of an existing property lease by the lessee; | The cancellation, withdrawal or revocation of inter-vivos gifts; |
| Agreements entered into among heirs, or between them and third parties, prior to distribution of the estate of a testator; | Contracts granting a permanent or temporary right-of-way for nil consideration; |
| Purchase or sale agreements relating to rights under an inheritance, or to the renunciation or assignment of them; | Reductions for nil consideration of amounts payable by a tenant or occupant to a landlord. |
| Assets contributed by shareholders to a company in exchange for shares, with the transfer tax applying to the value of those assets; | |

Simultaneous incidence

- Transfers of real estate in the form of capital contributions or pensions;
- Transfers of real estate by way of gift, bequest or legal succession, carrying an obligation to assume a debt or pension obligation.

| Entities and transactions exempt from Gift and Inheritance Tax | Entities and transactions exempt from Property Transfer Tax |
|---|--|
| The National Treasury, in respect of all acquisitions in any form, as long as they are in accordance with by law or contract or accepted in legal form; | The State, public institutes and associations that enjoy public utility status; |
| Administrative bodies, in respect of acquisitions or exchanges made for welfare purposes, sanitation, road and street-building, and buildings for the provision of municipal services; | Foreign states ² , where the premises are dedicated to the relevant diplomatic or consular representation, provided there is reciprocity; |
| Administrative corporations, in respect of acquisitions made for social welfare purposes; | Legally recognised religious institutions ² , where the premises are dedicated exclusively to religious use; |
| Inheritances and bequests, donations and acquisitions for the purposes of museums, libraries, schools, institutes and services of teaching, caring, and welfare that, under their legal founding documents, ultimately belong to the State. | Property with a value less than 78,000 UCF for purposes of settlement of the Sisa transfer tax, used by the acquirer as his own permanent residence. However, this exemption applies only on its first transfer. |
| The transfers of movable and immovable property to mutual support associations, in whatever form, with the prior authorisation of the government; | |
| Concessions over state land as well as their first transfer at the end of the concession period; | |
| Transfers to descendants, parents or spouses, where the value of assets transferred does not exceed AKZ 500,000,000 ³ . | |
| Documents transferring literary or artistic property; | |
| Pensions paid by credit unions, social support funds, mutual support associations and any welfare establishments. | |

²Exemption of foreign states and legally recognised religious institutions, referred to above, is subject to recognition by the National Director of Taxation, in response to an application by the interested parties, after input from the Ministry of External Relations and the National Institute for Religious Affairs.

³500,000 New Kwanzas, in accordance with Law No.15/92 of 3 July.

Taxable base and rates

| Tax | Taxable amount | Rates | |
|--------------------------|--|----------------------------------|--|
| Property Transfer Tax | Value of assets transferred; | 2% | |
| Gift and Inheritance Tax | Value of assets transferred; | Value up to AKZ 3,000,000,000 | Value over AKZ 3,000,000,000 ⁵ |
| | <i>Between spouses and to parents or children;</i> | 10% | 15% |
| | <i>Between others.</i> | 20% | 30% |

Settlement and payment

| Tax | Competence | Responsibility for payment | Deadline |
|--------------------------|--|---|---|
| Property Transfer Tax | Treasury Secretary of the municipality where the assets transferred are located. | Property Transfer Tax and Gift and Inheritance Tax when properly computed, is payable by those to whom the property has been transferred ⁶ . | In transfers for valuable consideration, payment shall be made prior to signature of the legal documentation giving effect to the transfer. |
| Gift and Inheritance Tax | Treasury Secretary of the parish or civil district where the deceased was domiciled or where the contract relating to the gift or other type of donation was made. | | In transfers for nil consideration, payment shall be made when the actual transfer takes place. |

⁵3,000,000 New Kwanzas, under Law No.15/92, of 3 July.

⁶In the case of property swaps, tax is payable by both parties and in auctions or restructuring under a court order, by the winning bidder or assignee.



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