



Getting to the point, [with confidence](#)

Law amending and republishing the Value Added Tax Code

Since its entry into force, the VAT Code has been subject to several amendments, operated between 2019 and 2023. In addition, there is many Instructions and Circulars on VAT matters, dispersing the rules and making their application difficult. In this context, the Executive deemed it necessary to consolidate and unify the legal rules on VAT, to prevent legislative dispersion and to give legal effectiveness to the administrative measures contained in diplomas produced by the General Tax Administration (AGT) in recent years.

In view of the above, Law No. 14/23, of 28 December, which amends and republishes the VAT Code, was published in the Official Journal.

This Law would enter into force on the date of publication, i.e. 28 December 2023. However, this was not the intention of the Executive, so clarification is expected in the sense that the entry into force will be administratively set for January 1, 2024.

Among the main changes contained in this Law, the following should be highlighted:

[Obligation to pay Stamp Duty](#)

The Stamp Duty rate on the receipt, referring to item 23.3 of the table attached to the Stamp Duty Code, is decreased from 7% to 1% for taxpayers included in the General Regime when they exclusively carry out VAT exempt transactions that do not grant the right to deduct input VAT. The 1% rate already applied to some operations.

Entities under the Simplified Regime are no longer covered by the 7% rate of Stamp Duty on their transactions exempt from VAT and will now have to pay 7% as VAT on the turnover actually collected, thus also including transactions exempt from VAT and

advanced payments, with the exception of leasing of immovable property, which is subject to Stamp Duty at the rate of 1% on receipt.

Reporting of banking operations

Banking Financial Institutions are now required to report to AGT, by electronic data transmission, a quarterly file with a summary of the transactions processed at their automatic payment terminals (POS).

Turnover

Turnover is now considered to be the total annual volume of invoicing or importation made by the taxable person in each financial year. This concept is relevant, among others, to the definition of the VAT Regime to which the taxpayers belong, to the calculation of the tax to be paid by those who are covered by the Simplified Regime, as well as to the calculation of the deduction percentage (*pro rata*) used by taxpayers performing both taxable and exempt operations scoped by the General VAT Regime.

Payment of VAT on imports by manufacturers

It is permissible, upon request from the taxpayer and approval by the AGT, to defer the payment of VAT on the import and transmission of industrial equipment by the manufacturer for the beginning of activities for up to 12 months, without legal additions/costs.

It is also permissible to pay, in up to 12 monthly instalments and without legal additions, starting at the time of customs clearance, the VAT due on the import and transmission of industrial equipment by the manufacturer, regardless of whether they occur at the beginning of the activity or after such time.

Ancillary operations

The rule that foresaw that transactions ancillary to a transfer of goods or services followed the regime of the main transaction, being considered part of it, is revoked. That revocation is the result of what was already the AGT's view, who in practice did not apply that rule.

Samples & Free supplies of Goods

The value under which free supplies of goods and samples are not subject to VAT is now set in Kwanzas. Thus, the free availability of samples and gifts in the context of commercial uses, without the obligation to charge VAT, now has the unit limit set at Kz 32,000 (which has been reduced, compared to the value set in the previous VAT Code), and cannot exceed a global annual amount of Kz 2,000,000.

Multi-purpose vouchers

The obligation to charge VAT at the rate of 14% and to issue the corresponding invoice for the advance payment is now created, when, at the end of 1-year period, a multi-purpose voucher is not redeemed.

International e-commerce

Distance sales of goods are now subject to Angolan VAT, in the context of international e-commerce, whose purchaser has headquarters, domicile or permanent establishment in Angolan territory, or if the payment originates from or is intermediated by a financial institution established herein, regardless of where the supplier is established.

In case of transactions carried out through digital platforms, the responsibility for the charge of VAT and its payment to the AGT lies with the owners or managers of the digital or electronic platforms.

Non-resident taxpayers may pay, without penalties or interest, the VAT that has been charged before the implementation of the simplified registration system in the international e-commerce operations that are considered subject to VAT in Angola (supplies of goods or services).

As we understand it, complementary regulations are being prepared regarding the operationalization of these new measures related to international e-commerce, both for goods and services supplied by electronic means, so that the practical application of these measures shall currently still be suspended.

Services supplied outside Angola

The rule that stated that certain services are outside the scope of Angolan VAT when they were materially carried out and consumed outside the country, even if invoiced to purchasers in Angola, namely services related to real estate, accommodation and catering, work on movable property and rental of motor vehicles, among others, is revoked.

This would imply that some of the services materially performed and fully consumed outside the country would be subject to VAT herein, provided that the purchaser has a domicile, head office or permanent establishment in Angola, which may generate situations of double taxation. However, the Executive's intention with this amendment was not to tax these services, so clarification is expected as to the scope of this amendment.

Exemptions on local supplies

Although some of the changes were already in force, by means of separate legislation (General State Budget Laws) or via Circulars issued by the AGT, we highlight that it is now expressly provided for in the VAT Code that:

- The exemption applicable to the rental of immovable property covers any type of lease, with or without residential purposes.
- Medical services that are intended for aesthetics (without being associated with the purpose of diagnosis, prevention or treatment of pathologies) are excluded from the VAT exemption.
- The exemption applicable to medical materials and equipment is only applicable to those that are expressly listed in Annex III to the VAT Code.
- The sale of immovable property (the new rule now expressly provides for the exemption applicable to the transfer of real estate, unlike the previous one that provided for the application of the exemption to transactions subject to the previous SISA tax, even if exempt from it).
- Educational services other than those provided by establishments covered by the Basic Law of the Education and Teaching System are not exempt from VAT.
- Under the current VAT exemption applicable to financial intermediation operations, it is foreseen that default interest for late payment of credit obligations by customers will be exempt from VAT.

Exemptions on international operations

The importation of goods intended for donations to the State (and its agencies) or Local Authorities is now exempt from VAT.

It is also clarified that, in the shipment/transport of goods destined for abroad (exports), the VAT exemption applies only to the transfer made by the actual exporter and cannot apply to previous transactions.

Taxable amount in local transactions

Regarding condominiums, it is now expressly provided in the Law that VAT is levied only on the commission or management / administration fee, and the portion that is intended to cover maintenance and conservation expenses of the condominium is not taxed.

As the AGT already understands, it is now expressly provided for in the VAT Code that rappel discounts and bonuses are not excluded from the taxable value, that is, they cannot be deducted from the invoiced taxable amount, nor generate VAT adjustments in favor of the taxable person.

Commercial discounts or rebates are excluded from the taxable amount only if they are included on the invoice issued with the supply of the goods or services.

It is expressly provided that, in the case of advance payments in which the goods to be acquired are not determined, VAT is to be assessed at the rate of 14%.

VAT Rates

Food products considered to be of broad consumption and agricultural inputs listed in Annexes I and II to the Code, respectively, are taxed at the rate of 5%, namely water, pasta, fruit, meat, fish (with some exceptions), milk and yoghurts, cooking oil, bakery and pastry products, among others.

As for the import and transfer of goods made in the Province of Cabinda, the VAT rate of 1% is maintained, with the exception of the products listed in Annex III to the Code (namely alcoholic beverages, tobacco and automobiles, among others), to which the rate of 14% applies.

Captive VAT

In transactions carried out between themselves by the captive entities at 50%, the VAT captive regime no longer applies (as was already the case, until now, in transactions in which the captive entities purchased services from commercial banks).

Imports made by public entities, with the exception of public companies, can now be made under the captive VAT regime, a practice that already resulted from a Circular issued by the AGT.

Whenever VAT is not captive and is paid by the customer to the supplier, the responsibility for the delivery of said VAT reverts to the supplier issuing the invoice, until the last working day of the month following the receipt.

Right of deduction – General Regime

The deduction is accepted if it is included in the periodic VAT declaration of the month or month following the one in which the supplier's invoice or receipt of the payment of VAT on importation has been issued and may be included in a substitution declaration (of one of these periods), to be submitted up to 12 months after the date of the invoice/receipt of import VAT issuance.

In practice, the time limit for exercising the right of deduction has been extended to up to 12 months after the date of issuance of the invoice or receipt for the payment of VAT on importation, subject to the procedure referred to above.

It is clarified that the document that grants the right to deduct in domestic transactions is always the invoice (and not any equivalent document) and the receipt of payment of the input VAT (and not the assessment note), in the case of imports.

VAT is not deductible on the insurance of tourist vehicles (or pleasure boats, helicopters, planes and motorcycles).

In the oil sector, Oil Investing Companies can no longer deduct VAT from the transport service, except in the case of abandonment costs.

With regards to "mixed" taxable persons, i.e., with taxed and VAT-exempt activity, it is foreseen that they must use the direct allocation method in relation to the goods purchased for resale.

In the case of taxpayers who calculate a deduction percentage (*pro rata*), if the final calculation of the year results in a percentage equal to or greater than 98%, it is now expressly provided for in the Code that they are authorized to fully recover the VAT incurred that, under the rules, is deductible, and may make the corresponding adjustment in their favor in the December periodical VAT return.

VAT Refunds

The minimum amount of the VAT credit is set at Kz 700,000 so that the taxpayer can, as a rule, request the corresponding full or partial refund.

In terms of the deadline for granting the refund (i.e., the end of the third month following the one in which it was requested), it is foreseen that it may be extended for a period not exceeding 6 months, when there is evidence that the credits resulted from the practice of tax crimes.

With regards to taxpayers scoped by the Simplified Regime, it is provided for in the Code (and was already contained in separate legislation) that they can request a refund of the VAT credit after 12 months from the moment it was generated.

VAT adjustments

The rule related to the VAT adjustment in favor of the State without any penalty, when there is less tax paid in case of errors in the records or declarations is amended, in order to limit (the absence of penalties) to situations in which the replacement of the declaration occurs until the end of the tax period following the submission of the initially submitted return (within the deadline).

It is no longer possible to adjust VAT in favor of the taxpayer when errors are identified in the accounting records or in the periodic returns, which resulted in overpaid tax. This rule will need to be clarified, as it limits the correction of errors in accounting records and/or periodic returns that have generated VAT in favor of the State in excess.

Bad debts

The AGT continues to have a period of 6 months, with a prior inspection admitted, to decide on the request for prior authorization submitted by the taxpayer, in relation to doubtful debts, but tacit acceptance is no longer provided for in the event of absence of a pronouncement. In practice, there is no longer a consequence for the absence/delay of the AGT's response, at the end of the deadline it has to respond to the requests, leaving the taxpayers with the need to wait for the express decision of the AGT regarding the request made.

If the AGT accepts the adjustment in favor of the taxable person following the request submitted by the taxable person, a period of 15 days is set for the purchaser (debtor) to adjust the corresponding amount of VAT in favor of the AGT, counted from the notification. If such adjustment is not performed, the AGT will perform it administratively.

The creditor's obligation to return VAT to the State in the event it recovers the amount, in whole or in part, from the debtor is no longer provided for in the law.

VAT Regimes

It is expressly provided for in the Law that taxpayers with a turnover or import operations greater than Kz 350,000,000, as well as taxpayers in the manufacturing industry who, in the last 12 months, have registered a turnover or import operations greater than Kz 25,000,000, are scoped by the General Regime.

Taxpayers who register a turnover or import operations of less than Kz 25,000,000 are registered in the Exclusion Regime, and must keep their registration before the Tax Authorities updated. The Simplified Regime includes taxpayers with turnover or import operations between Kz 25,000,000 and Kz 350,000,000 (which are not mandatorily included in the General Regime). In any case, and if they meet the requirements for this purpose, taxpayers may choose to apply for the General Regime, by submitting a declaration of changes, subject to the authorization of the AGT. The new framework shall take effect on the first day of the month following that of approval.

For the purposes of determining the turnover of entities without accounting, the AGT may consider what results from related entities.

Taxpayers under the Simplified Regime will now be able to deduct 10% of the VAT invoiced to them by suppliers under the General Regime (until December 2023, the deduction capacity was 7%).

New rules have been introduced for the transition to the General Regime for taxpayers who are in the Simplified or Exclusion Regimes, namely with regards to the deduction of VAT incurred in the last 12 months with the acquisition of capital goods and goods/stocks.

Penalties

Failure or delay in submitting a VAT return is now subject to a fine of Kz 600 thousand, which is doubled every 3 months whenever the missing return is not submitted.

The fine due for the absence or delay in the self-assessment of VAT on the acquisition of services to non-residents, as well as the fine for the absence or delay in the captivity of VAT, is no longer increased to the double of the VAT amount. Such non-compliance is now subject to the penalties provided for in the General Tax Code applicable to any situation of non-payment or payment lower than that due (i.e., 25% of the tax). The same penalty applies in the event of undue deduction of VAT in the periodic return.

For more information, we recommend consulting the Law [here](#).

Contacts:

For more information, please contact:

Deloitte Consultores, Lda.

Talatona | Condomínio Cidade Financeira

Via S8, Bloco 4 – 5.º andar, Talatona

Tel: +(244) 923 168 100

www.deloitte.co.ao

"Deloitte", "we", "us" and "our" refers to one or more member firms and related entities of Deloitte Touche Tohmatsu Limited ("DTTL"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are separate and independent legal entities and, accordingly, for any and all purposes, do not obligate or bind each other. DTTL and each DTTL member firm and its related entities are solely responsible for their own acts and omissions and cannot be held liable for the acts and omissions of others. DTTL does not provide services to customers. For more information, please visit www.deloitte.com/pt/about.

Deloitte is a leading global provider of Audit & Assurance, Tax & Legal, Consulting, Financial Advisory and Risk Advisory services to nearly 90% of the Fortune Global 500® among thousands of private companies. Our professionals deliver long-lasting and measurable results, which strengthens public trust in capital markets, enabling our clients to succeed and driving a stronger economy, a more equitable society and a more sustainable world. With more than 175 years of history, Deloitte is present in more than 150 countries and territories. Learn how Deloitte's 415,000 people make a meaningful impact on the world in www.deloitte.com.

This communication includes general information only, so neither Deloitte Touche Tohmatsu Limited ("DTTL") nor its member firms or related entities provide professional services or advice through it. Before making any decisions or measures that affect you financially or your business, based on this communication, you should consult a qualified professional. No warranties (express or implied) are given regarding the accuracy or detail of the information contained in this communication, and DTTL, its member firms, related entities or employees are not liable for any damages or losses arising from actions or omissions, directly or indirectly, based on this communication.