

APR. 21



ANGOLA

Rules on the application in time of the legislation included in the tax package approved in 2020

In the context of the approval of the Tax Package, which is part of the tax reform process started in 2020, on 15 April 2021, the Angolan General Tax Administration (AGT) published Instruction 0033/GACA/GJ/AGT/2021 (the “Instruction”). The aim of this Instruction is to clarify and standardise the rules for the application in time of the amendments made to the main Tax Codes, in particular, the Industrial Tax Code and the Employment Income Tax Code.

This Instruction provides clarifications and complementary information on the following topics:

Corporate Tax

o General Final Assessment Rate

Following the reduction in the rates of corporate tax, called Industrial Tax in Angola, which were introduced by Law 26/20 of 20 July, the Instruction clarifies that, as from 2020, taxpayers are subject to the following Industrial Tax rates:

- i) 25% for taxpayers covered by the General Regime (by filing the Form1 Declaration) and by the Simplified Regime (by filing the Simplified Declaration Form or the Book of Registration of Purchase and Sale and Services Rendered);
- ii) 10% for income derived exclusively from agricultural, aquaculture, bee-keeping, poultry, livestock, fishing and forestry exploitation activities, except for timber exploitation, which maintains the rate of 25%;
- iii) 35% for income derived from activities in the banking sector, insurance, oil companies and telecommunications operators.

o Deduction of tax losses

Following the extension of the period for the deduction of tax losses from the tax base introduced by Law 26/20 of 20 July, the new period of 5 (five) years for the deduction of tax losses is accounted for as from the financial year of 2017.

In the years 2017 and 2018, the period that has already passed is considered for the purposes of counting the above period.

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o Unrealised exchange rate variations

To determine taxable profit, "positive currency exchange variations realised" are considered as income or gains for the tax year and "negative currency exchange variations realised" are considered costs or expenses, pursuant to articles 13 and 14 of the Industrial Tax Code, as amended by Law 26/20 of 20 July.

The AGT now states that unrealised positive and negative exchange variations should not be considered in the calculation of the taxable profit.

o Cost of Property Tax

Article 18(1)(a) of the Industrial Tax Code, as amended by Law 26/20 of 20 July, provides that "Industrial Tax, Property Tax, Employment Income Tax and Capital Gains Tax are not accepted as deductible costs".

The recently published Instruction emphasises that any Real Estate Tax costs incurred do not contribute to the determination of the Industrial Tax base with reference to the year 2020.

o General Regime and Simplified Regime for Business Tax

Taxpayers who, on 31 December 2020, were not covered by the Electronic Submission of Accounting Information Rules, approved by Presidential Decree 312/18 of 21 December, may comply with their tax obligations under the Simplified Regime for Industrial Tax.

The Electronic Submission of Accounting Information Rules apply to taxpayers which, in their commercial, industrial or service provision activity, have an annual turnover, or goods import operations, with values greater than AOA: 50,000,000 (fifty million kwanzas), ascertained on the basis of the income declaration for the previous tax year, with effect from the year following the on of the ascertainment.

Income and Employment Tax

The new rate on income not subject to withholding at source of 25% applicable to the taxable income of Group B (previously 15% on 70% of the income) and Group C (previously 30%), approved by Law 28/20 of 22 July, is already in force for the 2020 tax year. ■