**CHAPTER 1 - DIRECT TAXES**

**A. Income Tax: Scheme of the Act**

**B. Income Tax on Resident Corporations (National Government)**

**1. Name of Tax and Levied in Terms of Which (Name, Number and Year)**

INDUSTRIAL TAX, LAW No. !8/92

**2. Department Responsible for Administration**

NATIONAL TAX DIRECTORATE

**3. Definition and Classification**

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

1. engaging in private activities not subject to Labour Income Tax;
2. agricultural, sylvicultural or animal husbandry activities;
3. mediation or representation in the signing of contracts of whatever kind, also agents of industrial or commercial activities.

**4. Basis of Taxation**

**4.1 Source-based or residence based**

Subject to industrial tax on profits realized nationally : national or foreign singular or collective persons engaged in commercial or industrial activities in the Republic.

**4.2 If source, define:**

In the case of basis for taxation at source, define:

**4.2.1 Actual source**

Singular or collective persons with domicile, headquarters or effective headquarters in the Republic are liable to industrial tax on all profits realized in the Republic or abroad.

Singular or collective persons with domicile, headquarters or effective headquarters outside the Republic and a stable establishment in the Republic are subject to industrial tax:

1. in respect of profits realized by a stable establishment based in the Republic;
2. in respect of profits realized on sales, in the Republic, of goods of the same nature as those sold by the stable establishment, or of a similar nature;
3. in respect of profits derived from other commercial activities in the Republic, of the same nature as those engaged in by the stable establishment, or of a similar nature

**4.2.2 Deemed source**

Apparent source

**4.3 If residence, define:**

In the case of tax liability based on residence, define:

**4.3.1 Define resident**

In the case of tax liability based on residence, define:

**4.3.2 Exclusions from the definition of resident:**

**4.3.3 Ceasing of residency provided for in the Act**

**5. Time Tax is Levied**

The taxable profit refers to the balance sheet of results for the financial year or the profits and losses balance sheet, drawn up in accordance with sound accounting practice, and shall consist of the difference between all the profits and losses realized in the financial year preceding the year to which the tax year refers and the profits and losses resulting in the same financial year, corrected, as the case may be, by the present Code.

**6. Included in Tax Base**

**7. Year of Assessment**

Taxpayers shall present their incomes declarations annually, during the month of May, in the Tax Offices of their respective areas in which they have their headquarters or principal establishments.

**8. Computation of Taxable Income**

**8.1 Exemptions**

Exemptions

Indicate each heading and give a brief explanation of it (note that interest is the subject of a separate heading).

**8.1.1 Partial exemptions (amounts exempt irrespective of the identity of the recipient):**

The Minister of Finance may, after consultation with the National Tax Directorate, grant exemptions from industrial tax as follows:

1. for a period of 3-5 years counting from the date of their effective constitution, in respect of incomes resulting from commercial or industrial activities in areas deemed to be of interest for economic development;
2. in respect of all or part of the profits resulting from activities engaged in occasionally with the aim of raising funds to be applied to activities of assistance or charitable or otherwise of social interest.
3. The following are deemed to be establishments engaged in new industries in the Republic:
(a) Industrial establishments producing goods not as yet manufactured in the Republic;
(b) Industrial establishments producing goods already manufactured in the Republic but whose dimensions, volume of investment, technological processes, quality, value of local raw materials used, or large-scale use of labour relative to existing units engaged in the same industries cause, by virtue of a notable difference of economic interest, the industry in question to be deemed to be a new industry, requiring declaration as such by the Minister responsible for the Plan.

**8.1.2 Absolute exemptions (taxpayers enjoying completed exemption from tax on income):**

1. The following are exempted from industrial tax:

1. workers cooperatives;
2. builders' cooperatives with statutes approved in terms of the applicable legislation, when limited to the construction of buildings for their members or to the lending of money for this purpose;
3. consumer cooperatives negotiating exclusively with their members;
4. agricultural or animal husbandry cooperatives aimed at the purchase of materials, livestock or equipment for the agricultural or animal husbandry activities of their members or at the sale of the products resulting from such activities, in the natural or in a transformed state, or at cooperatives maintaining installations, equipment or services in the general interest of their members;
5. teaching, cultural recreational, educational, physical or sporting associations with statutes approved by the competent authority, relating to direct exploitation of services utilized only by their members;
6. associations whose activities are limited to the administration of buildings owned;
7. foreign shipping or airline companies, provided that, in their country of nationality, Angolan companies enjoy the same privileges;
8. commercial or industrial incomes subject to the special tax regime;
9. Banco Nacional de Angola, in terms of Article 91 of Law No. 4/91 of 20th April.

2. The following taxpayer categories are also exempted from industrial tax:

1. individual or collective persons engaged exclusively in agricultural, sylvicultural or animal husbandry activities, legally constituted for periods of up to ten years from the date of their constitution or registration;
2. without prejudice to the provisions of paragraph (a) above, all agricultural, sylvicultural animal husbandry or fisheries activities with sales volumes not exceeding Kz 3.500.000.00 in volume.3.

3. The exemptions envisaged in paragraph (a) of No. 2 of the present Article shall be recognised by the National Director of Taxation, at the request of the interested parties benefiting directly from them, duly attested and with the approval of the competent Tax Office.

**8.2 Deductions and recoupments**

**8.2.1 Allowable deductions**

1. Losses incurred in the course of a given financial year will be deducted from the taxable profits, of one or more of the three subsequent tax years.
2. Losses incurred in activities enjoying exemption or reduction of industrial tax will not be deducted from the profits resulting from other activities subject to the general tax regime.
3. Losses incurred in activities engaged in abroad are deductible only from one-third of the liquid profits realized abroad.
4. Except in the case of succession through death, the deduction shall not apply to a taxpayer who has for whatever reason taken the place of the party incurring the loss.

**8.2.2 Valuation of inventory/trading stock**

1. The value of the stocks of materials, products or merchandise to be considered in the profits and losses, or to be considered in in determining the profits and losses of the financial year in question, will be those resulting from the application of the volumetric criteria which while in principle accessible to unequivocal control are in practice subject to the vagaries of the industry but are nonetheless deemed by the accounting sector to be valid as the expression of the results of the financial year in question.
2. which are based on actually prevailing and documented purchase prices or replacement or sales prices based on official data or other reliable data.
3. Except as otherwise authorized by the National Tax Directorate, the calculation of the value of stocks shall not be based on criteria based on standardized costs entailing special valuations for stocks deemed basic or normal.

**8.2.3 Reserves and provisionsThe following categories of supplies may be tax-deductible:**

1. Allotments against credits of doubtful recoverability resulting from the normal activity of the firm;
2. Allotments against depreciation of stocks, calculated on the basis of the difference between the purchase or production price of the stocks reflected on the balance sheet for the end of the financial year and the price of the merchandise in question for the same date;
3. Allotments in respect of bonds and charges resulting from litigation in progress;
4. Allotments established in accordance with the norms applicable to insurance firms and banks.

**8.2.4 Non-deductible expenses**

1. Official bookkeeping expenses of whatever nature, even if dulydocumented, where deemed excessive by the National Tax Office;
2. Industrial tax;
3. Fines and other charges incurred as the result of tax infractions, and compensation for the verification of insurable eventualities;
4. Interim interest payments effected.

**8.2.5 Recoupments**

**8.3 Depreciable regime**

**8.3.1 Tangibles (movable and immovable assets, for example plant and machinery)**

|  |  |
| --- | --- |
| Mesh-making machinery | 16.6% |
| Machinery for making cordage, cables, netting | 0% |
| Boilers for steam production | 20% |
| Industrial machinery and installations for specific purposes | 12.5% |
| Newspaper typesetting machinery | 16.66% |
| Printing machines | 12.5% |
| Tools and equipment for specific purposes | 33.33% |
| Private office equipment | 12.5% |

**8.3.2 Intangibles/incorporeals (for example, copyright, patents, goodwill and other intellectual rights)**

Intangible assets-
Initial pluri-annual expenses (constitution, prospecting, studies, advertising, other preliminary expenses 33.33%
Non-initial pluri-annual expenses (capital increase, legal transformation of companies, issue of bonds, advertising campaigns, prospecting, studies etc. 33.33%

Patents 10%
Conveyancing (j)
Trademarks (j)(j)

Amortisation, within the limits deemed reasonable by the National Tax Office, will be permitted only in the event of effective termination of activities

**8.4 Treatment of losses**

The losses attributable to the financial year are those which, within the limits considered reasonable by the National Tax Office, were unavoidably sustained in the realization of profits or gains subject to taxation and for the maintenance of the source of production, notably the following:

1. Expenses relating to the basic, accessory or complementary activity, related to the production or acquisition of of goods or services of whatever nature, labour, energy and other general manufacturing, conservation or production expenses.
2. Distribution and sales expenses, related to transport, advertising and marketing;
3. Charges of a financial nature, including interest on outside capital invested in the firm, deductions, premiums, transfers, exchange fluctuations, charges resulting from credit operations, debt collection and the issuing of shares, bonds and refund premiums;
4. Charges of an administrative nature, notably those involving refunds, quotas, subsidies and collective shares for economic associations and corporations, family allowances, expense allowances or daily subsidies, current consumables, retirement pensions, social security and insurance, excepting life insurance in favour of members;
5. Charges relating to analyses, rationalization, research, consultation and technical specialization of personnel;
6. Fiscal and para-fiscal charges to which the taxpayer may be subject;
7. Reintegration and amortization of assets subject to deterioration
8. Allotments;
9. Indemnifications and damages resulting from non-insurable risks; charges resulting from territorial civil defence.

**9. Foreign Exchange Losses and Gains**

**10. Branch Profits Tax**

**11. Group Taxation/Consolidated Returns**

**12. Presumptive Tax Measures (for example, a minimum tax in the form of a gross asset tax)**

**13. Rates**

1. The industrial tax rate is 35%
2. In the case of incomes derived from exclusively agricultural, sylvicultural or animal husbandry, the applicable rate of taxation is a blanket 20%.
3. Minister of Finance may, in the case of firms situated in economically disadvantaged regions 4, to be defined by the Government, and firms engaged in the installation of industries making use of labour resources, authorize a reduction of up to 50% in the taxes in reference in 1 and 2 above

**14. Rebates**

**15. Withholding Taxes**

The industrial tax payable on contract work, sub-contract work and the rendering of services shall be in accordance with the special regime.

1. In the case of construction work, improvements repair or conservation of fixed assets: 10% of the value of the contract, whatever the form of the contract;
2. In all other cases: 15% of this value.

The tax determined is retained at source by the contracting party for each payment effected and is forwarded to the State coffers within the space of the ensuing 15 days, with the completion of the respective Receipts Collection Document (Documento de Arrecadação de Receitas – DAR).

Retention at source of the Operating Profits Tax is subject to the following conditions:

1. Salaries must be processed by all the relevant public, private or other units, on special remuneration forms, wherever more than three workers are involved, including those enjoying exemptions;
2. The liquid amounts of the tax, relating to the tax retained in the preceding month via the Model D Declaration (Tax Liquidation Document), will be handed over to the authorized banking agencies via a DAR (Documento de Arrecadação de Receitas – DAR) document before the last day of each month

**16. Beneficiaries of Revenue**

National Government

**C. Income Tax on Individuals (National Government)**

**1. Name of Tax and Levied in Terms of Which Act (Name, Number and Year**

**2. Department Responsible for Administration**

**3. Definition and Classification**

**4. Time Tax is Levied**

**5. Basis of Taxation**

**5.1 Source-based or residence based**

**5.2 If source, define:**

**5.2.1 Actual source**

**5.2.2 Deemed source**

**5.3 If residence,**

**5.3.1 Define resident**

**5.3.2 Exclusions from the definition of resident:**

**5.3.3 Ceasing of residency provided for in the Act**

**6. Included in Tax Base**

**7. Year of Assessment**

**8. Computation of Taxable Income**

**8.1 Exemptions (do not only indicate the heading, but provide a brief explanation)**

**8.1.1 Partial exemptions (amounts exempt irrespective of the identity of the recipient):**

**8.1.2 Absolute exemptions (taxpayers enjoying completed exemption from tax on income)**

**8.2 Deductions and recoupments**

**8.2.1 Allowable deductions**

**8.2.2 Valuation of inventory/trading stock**

**8.2.3 Reserves and provisions**

**8.2.4 Non-deductible expenses**

**8.2.5 Recoupments**

**8.3 Depreciable regime**

**8.3.1 Tangibles (movable and immovable assets, for example plant and machinery)**

**8.3.2 Intangibles/incorporeals (for example, copyright, patents, goodwill and other intellectual rights)**

**8.4 Treatment of losses**

**9. Foreign Exchange Losses and Gains**

**10. Rates**

**11. Rebates/Tax Threshold**

**12. Fringe Benefit Taxes (Benefits Flowing from an Employer-Employee or an Office Relationship)**

**13. Allowances**

**14. Treatment of Pension, Provident or Retirement Annuity Fund Income**

**15. Treatment of Professional Income**

**16. Treatment of Investment Income**

**17. Withholding Taxes**

**18. Beneficiary of Revenue**

**D. Income Tax on Non-Residents (National Government)**

**1. Name of Tax and Levied in Terms of Which Act (Name, Number and Year**

Our taxes are based on the source of income and not on the domicile of the taxpayer.

**2. Department Responsible for Administration**

**3. Included in Tax Base**

**4. If Sourced-Based, Define (If Not Already Done)**

**4.1 Actual source**

**4.2 Deemed source:**

**5. Rates**

**6. Beneficiary of Revenue**

**E. Income Tax: Treatment of Dividends, Interest, Royalties and Fees**

**1. Dividends**

**2. Interest**

**3. Royalties**

**4. Fees**

**5. Rents**

**F. Income Tax: Specific Industries**

**1. Mining Tax**

Petroleum taxes are payable by all national or foreign individual or collective persons earning profits from State concessions or from the leasing of such concessions to concessionaries, from the following sources :

(a) Profits derived from the exploitation, development, production, storage, sale, exportation, transport and treatment of bulk petroleum;
(b) Profits derived from bulk trading of other products resulting from the activities in reference in (a) above;
(c) Profits derived from other activities of firms primarily engaged in the activities in reference in (a) above, provided that these activities are not of an industrial or commercial nature.

**2. Insurance Business**

There is no specific legislation governing the insurance industry.

**3. Farming**

No specifically dedicated legislation.

**4. Ships and Aircraft Owners**

No specifically dedicated legislation.

**5. Other**

**G. Income Tax: Administrative Procedures (National Government)**

**1. Payment Periods**

JANUARY
INDUSTRIAL TAX
Group A – Payment of first instalment – Provisional Liquidation
Group B – Payment of sole instalment – Provisional Liquidation
Group C – Presentation of Model 1 declaration (Article 63 of Code)
– Payment of 1st instalment or sole instalment – final liquidation.

TAX ON REVENUE FROM ACTIVITIES
1 – presentation of Model 1 declaration (Article 10 of Code)
2 – Payment, on presentation of declaration, of remaining tax or balance due
(Article 27 of Code).

URBAN HOUSE TAX
– Presentation Model 1 Declaration (Article 19 of Code)
– Payment of first instalment or sole instalment.

FEBRUARY
INDUSTRIAL TAX – GROUP A – Payment of 2nd instalment, provisional liquidation.
INDUSTRIAL TAX - GROUP B – Payment of 2nd instalment, provisional liquidation.

TAX ON OPERATING REVENUE

- Presentation of Model 2 Declaration (Article 34 of Code)

MARCH
INDUSTRIAL TAX – GROUP A – Payment of third instalment – provisional liquidation.
INDUSTRIAL TAX – GROUP C – Payment of thirds instalment – final liquidation.

APRIL
INDUSTRIAL TAX - GROUP B – presentation of Model 2 Declaration (Article 58 of Code).
Payment of single instalment – final liquidation.
PETROLEUM TAX – presentation of final declaration on activities of preceding year.
URBAN HOUSE TAX – Payment of second instalment.

MAY
INDUSTRIAL TAX – GROUP A – presentation of Model 1 declaration (Article 58 of Code)
Payment of sole instalment – final liquidation.

**2. Rulings**

**2.1 Possibility of advance rulings**

**2.2 Publication of rulings**

**3. Codification of Revenue Practices**

**4. Refunds**

**5. Interest, Charges and Penalties**

**H. Income Tax: Anti-Avoidance Provisions (National Government)**

**1. Transfer Pricing Legislation**

In order to avoid the transfer of results between entities enjoying special reciprocal relations, and internal transfers of results between sectors of the same entity subject to different fiscal regimes, the law empowers the Tax Administration to make corrections to the taxable profit of entities having a stable establishment in situ which is liable to tax.

Where the corrections are effected by virtue of special relations between another taxpayer liable to Individual Personal Income Tax or Collective Personal Income Tax, the taxable profit will be determined having regard to the corrections made to the taxable profit of the former.

**2. Thin Capitalisation Legislation**

**3. Controlled Foreign Entities (CFES)**

**4. Provide a Brief Discussion of General Anti-Avoidance Provisions (Both under common and statutory law)**

**5. Transactions Between Connected Persons**

**I. Capital Gains Tax on Corporations (National Government)**

**1. Name of Tax and Levied in Terms of Which Act (Name, Number and Year**

Tax on Application of Capital, Legislative Diploma No. 36/72

**2. Department Responsible for Administration**

Taxation at source

**3. Basis of Taxation (Source-based or residence-based)**

**4. Time When Tax is Levied**

The tax on the application of capital applies to incomes derived from the mere application of capital.

**5. Included in Tax Base**

**6. Exemptions/Exclusions**

1. incomes of credit institutions and cooperatives, if subject to industrial tax, although exempted therefrom;
2. Interest on sales on credit to traders, in respect of products or services of their trade or industry, and interest or other compensation in respect of late payment;
3. Interest on loans on life insurance policies by insurance companies.

**7. Allowable Deducations**

**8. Non-Deductible Expenses**

**9. Roll-Overs**

**10. Treatment of Losses**

**11. Rates**

**12. Rebates**

**13. Tax Period**

**14. Withholding Taxes**

**15. Beneficiary of Revenue**

**J. Capital Gains Tax on Individuals (National Government)**

**1. Name of Tax and Levied in Terms of Which Levied (Name, Number and Year)**

Tax on Application of Capital

**2. Department Responsible for Administration**

National Tax Directorate

**3. Basis of Taxation (Source-based or residence-based)**

Source

**4. Time When Tax is Levied**

Tax on the application of capital applies to incomes derived from the mere application of capital.

**5. Included in Tax Base**

**6. Exemptions**

(a) The profits attributed to the shareholders of a company whose activity consists exclusively of the management of a portfolio of national shares received by these companies, or credited to them in the course of the management year to which the said attribution refers, are exempted;
(b) Also exempted are profits attributed to shareholders of commercial and civil companies qua shareholders of other commercial or civil societies by the former and on which liquidation has occurred in the province concerned on the application of capital in respect of the total profits realized by the latter;
(c) Also exempted, for a period of five and ten years, respectively are profits attributed to shareholders of companies exploiting industrial establishments situated in zones disadvantaged in terms of industrial development;
(d) Also exempted are interests on deposits to order in favour of singular or collective persons legally authorized to receive them;

**7. Allowable Deducations**

**8. Non-Deductible Expenses**

**9. Treatment of Losses**

**10. Rates**

**11. Rebates/Annual Deduction**

**12. Tax Period**

**13. Withholding Taxes**

**14. Beneficiary of Revenue**

**K. Special Taxes (Other Than Income Tax) on Certain Industries/Types of Income**

**1. Name of Tax and Levied in Terms of Which Act (Name, Number and Year**

**2. Department Responsible for Administration**

**3. Taxpayer**

**4. Included in Tax Base**

**5. Tax Rate**

**6. Beneficiary of Revenue**

**L. Taxation of Capital**

**1. Name of Tax and Levied in Terms of Which Act (Name, Number and Year**

**2. Department Responsible for Administration**

**3. Taxpayer**

**4. Included in Tax Base**

**5. Tax Rate**

**6. Beneficiary of Revenue**

**M. Donations Tax (National Government)**

**1. Name of Tax and Levied in Terms of Which Act (Name, Number and Year**

**2. Department Responsible for Administration**

**3. Taxpayer**

**4. Included in Tax Base**

**5. Tax Rate**

**6. Beneficiary of Revenue**

**N. Other (National Government) (National Government)**

**1. Name of Tax and Levied in Terms of Which Act (Name, Number and Year**

**2. Department Responsible for Administration**

**3. Taxpayer**

**4. Included in Tax Base**

**5. Tax Rate**

**6. Beneficiary of Revenue**

**O. Relief From Double Taxation**

Angola has no double taxation agreement with any country