**CHAPTER 3: INVESTMENT INCENTIVES**

**1. Overview**

In the wake of the ending of the war in Angola, one of the priorities of the Government’s economic policy has been the recovery and re-starting of the national productive sector.

In view of the current situation of relative stagnation in the financial sector and the dearth of financial resources of the majority of firms, the deterioration production infrastructures, the absence of a climate conducive to investment and the high level of unemployment, and other factors, it is imperative that the State adopt measures to support and incentivize economic rehabilitation and modernization, and the creation of new firms in the productive sector, especially on the micro, small and medium scale.

Among the instruments for fomenting and stimulating productive investment in Angola are tax and financial incentives, duly coordinated as part of a macro-economic policy and especially by coherent and efficient monetary, exchange and incomes policies, prerequisites for success.

**2. Investment Policy**

A presidential Dispatch recently created a Working Group charged with presenting a document on the regulation of national and foreign private investment in Angola.

**3. General Incentives**

Investment incentives are currently under consideration and will fall under the Working Group in (2) above.

The following is a description of the investment incentive legislation currently in force, notably Decree 73/97 of 24th October 97, but not as yet applied owing to impediments of a bureaucratic nature.

(Article 6) Tax Benefits

The tax benefits granted are the following:
(a) exemption from transfer tax on the acquisition of fixed assets integrated into the investment project and destined exclusively for the use thereof;
(b) 50% reduction, for 5 years, in the industrial tax rate commencing at the start of the financial year immediately following the year of commencement of exploitation of the investment effected;
(c) exemption from duties on raw materials and equipment used exclusively in the investment project;(d) doubling of the rate of amortizations and reintegration relating do assets forming part of the investment project, commencing in the year immediately following the initial phase.

(Article 7) Financial Incentives

1. The financial incentives granted are the following:
(a) bonus on interest rate
(b) employment subsidy
(c) subsidy on operation, subsidy on installation or on subsidy on transfer.

2. The interest rate bonus will be fixed annually by the Minister of Finance after consultation with the Governor of the Bank of Angola, within the framework of the lines of credit available for fomenting productive activity, as a function of the sectorial and regional priorities of the projects.

3. The employment subsidy will be established annually by the Minister of Finance and the Minister of Public Administration, Employment and Social Security and will be granted as a function of the permanent work stations to be created by the project, during the first years after the start of exploitation.

4. Only firms whose activities are limited exclusively to export or import substitution and whose added value in Angola represents a minimum of 30% of the overall value of the final product are eligible for the employment subsidy, the conditions of access to which and concession of which will be regulated by the Minister of Finance.

5. The subsidy on the installation or transfer of firms aims to support the realization of building work of an infrastructural nature, with inicial installation in or transfer to centres of development, under conditions to be defined in a regulatory diploma by the Minister of Planning and the Minister of Finance, and shall not exceed 30% of the total investment to be realised.

(Article 8)The financial incentives envisaged in the preceding article will be attributed via the banking system, using available lines of credit or by entailment of the financial resource specifically applied to these ends, via Autonomous Funds.

**4. Free Trade Zones**

No free trade zones

**5. Export Incentives**

Export incentive – exemption from payment of excise tax.
Exported goods are exempted from excise tax where such exportation is effected by the producer or duly authorised entity, duly recognised by law.

**6. Financial Assistance**

**7. Regional Incentives**

**8. Industrial Financing**

**9. Development Programmes And Incentives For Specific Industries**

**10. Tax**

**10.1. Rates**

**10.2. Deferral Period**

**10.3. Tax Holiday**

No tax holiday

**10.4. Depreciation**

**10.5. Other**