



Angola  
Tax Guide

**2016/17**

## FOREWORD

A country's tax regime is always a key factor for any business considering moving into new markets. What is the corporate tax rate? Are there any incentives for overseas businesses? Are there double tax treaties in place? How will foreign source income be taxed?

Since 1994, the PKF network of independent member firms, administered by PKF International Limited, has produced the PKF Worldwide Tax Guide (WWTG) to provide international businesses with the answers to these key tax questions.

As you will appreciate, the production of the WWTG is a huge team effort and we would like to thank all tax experts within PKF member firms who gave up their time to contribute the vital information on their country's taxes that forms the heart of this publication.

The PKF Worldwide Tax Guide 2016/17 (WWTG) is an annual publication that provides an overview of the taxation and business regulation regimes of the world's most significant trading countries. In compiling this publication, member firms of the PKF network have based their summaries on information current on 30 April 2016, while also noting imminent changes where necessary.

On a country-by-country basis, each summary such as this one, addresses the major taxes applicable to business; how taxable income is determined; sundry other related taxation and business issues; and the country's personal tax regime. The final section of each country summary sets out the Double Tax Treaty and Non-Treaty rates of tax withholding relating to the payment of dividends, interest, royalties and other related payments.

While the WWTG should not to be regarded as offering a complete explanation of the taxation issues in each country, we hope readers will use the publication as their first point of reference and then use the services of their local PKF member firm to provide specific information and advice.

Services provided by member firms include:

- Assurance & Advisory;
- Financial Planning / Wealth Management;
- Corporate Finance;
- Management Consultancy;
- IT Consultancy;
- Insolvency - Corporate and Personal;
- Taxation;
- Forensic Accounting; and,
- Hotel Consultancy.

In addition to the printed version of the WWTG, individual country taxation guides such as this are available in PDF format which can be downloaded from the PKF website at [www.pkf.com](http://www.pkf.com)

## **IMPORTANT DISCLAIMER**

This publication should not be regarded as offering a complete explanation of the taxation matters that are contained within this publication. This publication has been sold or distributed on the express terms and understanding that the publishers and the authors are not responsible for the results of any actions which are undertaken on the basis of the information which is contained within this publication, nor for any error in, or omission from, this publication.

The publishers and the authors expressly disclaim all and any liability and responsibility to any person, entity or corporation who acts or fails to act as a consequence of any reliance upon the whole or any part of the contents of this publication.

Accordingly no person, entity or corporation should act or rely upon any matter or information as contained or implied within this publication without first obtaining advice from an appropriately qualified professional person or firm of advisors, and ensuring that such advice specifically relates to their particular circumstances.

PKF International Limited (PKFI) administers a family of legally independent firms. Neither PKFI nor the member firms of the network generally accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

### **PKF INTERNATIONAL LIMITED**

JUNE 2016

© PKF INTERNATIONAL LIMITED  
ALL RIGHTS RESERVED  
USE APPROVED WITH ATTRIBUTION

## STRUCTURE OF COUNTRY DESCRIPTIONS

### A. TAXES PAYABLE

COMPANY TAX  
CORPORATE INCOME TAX RATE AND TAX RETURNS  
WITHHOLDING TAX ON SERVICES  
PERMANENT ESTABLISHMENT  
BRANCH PROFITS TAX  
CAPITAL GAINS TAX  
CONSUMPTION TAX  
STAMP DUTY  
CAPITAL APPLICATION TAX  
URBAN REAL ESTATE INCOME TAX  
REAL ESTATE TRANSFER TAX  
SPECIAL TAX REGIME - PETROLEUM INDUSTRY TAX REGIME  
SPECIAL TAX REGIME - MINING INDUSTRY TAXATION

### B. DETERMINATION OF TAXABLE INCOME

GENERAL REGIME  
DEPRECIATION OF FIXED ASSETS  
STOCK / INVENTORY  
DIVIDENDS  
INTEREST DEDUCTION  
LOSSES  
FOREIGN SOURCED INCOME  
INCENTIVES

### C. FOREIGN TAX RELIEF

### D. CORPORATE GROUPS

### E. RELATED PARTY TRANSACTIONS

### F. WITHHOLDING TAX

### G. EXCHANGE CONTROL

### H. PERSONAL INCOME TAX

EMPLOYMENT INCOME (Group A)  
INDEPENDENT PROFESSIONALS (Group B)  
INDUSTRIALS AND COMMERCIALS ACTIVITIES (Group C)  
MINIMUM WAGE  
SOCIAL SECURITY CONTRIBUTIONS

### I. TREATY AND NON-TREATY WITHHOLDING TAX RATES

## MEMBER FIRM

For further advice or information please contact:

City	Name	Contact Information
Luanda	Henrique Camões Serra	+244 222 338 957 pkf_angola@snet.co.ao

## BASIC FACTS

Full name:	Republic of Angola
Capital:	Luanda
Main language:	Portuguese
Other languages:	Umbundu, Kimbundu, Kikongo and others
Population:	24.38 million (2014 Census)
Major religion:	Christianity
Monetary unit:	Angolan Kwanza (AOA)
Internet domain:	.ao
Int. dialling code:	+244

## KEY TAX POINTS

- Income obtained by corporate entities established in Angola are subject to three different taxes: (i) Industrial Tax, which is levied on the corporate taxable income, including capital gains with the sale of fixed assets; (ii) Capital Investment Tax, applicable to capital gains with the sale of securities, royalties, interest and dividend income; and (iii) Rental Income Tax, on rents collected from rented real estate as well as on deemed rented income from real estate owned by the company.
- Corporate taxable income, determined on the basis of accounting profits, is taxable under Industrial Tax at a rate of 30%. Taxpayers are divided into two groups, each group having different tax payment deadlines.
- Angola has not concluded any double tax treaty with another jurisdiction and no International double taxation relief is available in Angola.
- Most types of services are subject to withholding tax at rate of 6.5%
- Transfer pricing legislation enables the tax authorities to make corrections to taxable income when the conditions (and prices) agreed between related parties are different from those that would have been agreed and accepted between independent entities.
- Consumption tax is levied on the production and on the import of goods as well on the provision of services, at rates comprised between 2% and 30%.
- Stamp duty is levied on a number of operations and contracts, including on amounts collected from commercial activities, which are taxed at a rate of 1%.
- Special tax regimes exist for oil and mining companies.
- Salary income is taxable at progressive withholding tax rates on a sliding scale from 0% to 17%.
- Social security is levied on employee remuneration at 8% (employer) and 3% (employee).
- Foreign currency transfers are subject to a 10% surcharge.

## A. TAXES PAYABLE

### COMPANY TAX

Income from Angolan companies is taxed under Industrial Tax ("Imposto Industrial"). Taxpayers liable for Industrial Tax are divided into two groups: A and B. Taxpayers included in Group A as well as Group B taxpayers that opt for keeping organized accounts, are subject to Industrial Tax on the income effectively obtained and determined in accordance with the accounting records. Group B taxpayers that do not keep organized accounts are subject to tax on the basis of their turnover.

In general, commercial companies, as well as permanent establishments of non-resident companies, are mandatorily included in Group A. Group B is applicable to the companies with a share capital of less than AOA 2,000,000 and with a turnover not exceeding AOA 500,000,000. Resident companies are subject to Industrial Tax on their worldwide income.

## **CORPORATE INCOME TAX RATE AND TAX RETURNS**

Corporate taxable income, determined on the basis of accounting profits and adjusted from the non-taxable income and non-deductible expenses, is taxed at a 30% rate. For Group A taxpayers an annual corporate income tax return ("Modelo 1") must be submitted until the 31<sup>st</sup> May of the following year, together with the financial statements and the general ledgers of the year as well as a documentation set that forms part of the *technical report*.

For Group B taxpayers that voluntarily prepare accounting records, an annual corporate income tax return ("Modelo 1") must be submitted until the 30<sup>th</sup> April of the following year, together with a documentation set that forms part of the technical report. For Group B taxpayers that do not prepare accounting records, an annual corporate income tax return ("Modelo 2") must be submitted until the 30<sup>th</sup> April of the following year, signed by an accountant and with the description of the sales and services provided.

## **WITHHOLDING TAX ON DOMESTIC SERVICE CHARGES**

Most types of services are subject to withholding tax at rate of 6.5%. This withholding tax should be withheld by the customer, and may be deducted on the corporate income tax return ("Modelo 1") presented by the supplier of the service as an advance payment, up to the amount of the tax assessed. The excess of the amount of tax withheld over the amount of tax assessed, may be carried out against the corporate tax liability of the following 5 years. Services provided by resident companies not subject to withholding tax are:

- Educational Services;
- Medical Services;
- Hospitality Services;
- Passengers transport services;
- Rental of Equipment subject to Capital Application Tax;
- Telecommunications Services;
- Financial broker and insurance Services.

## **ADVANCE PAYMENT OF INDUSTRIAL TAX ON SALES**

An advance payment equivalent to 2% of the sales made during the first 6 months of the year must be made until the end of August. Income from services subject to withholding tax will be excluded from the basis of computation of such advance payment. The advance payment amount can be deducted against the final Industrial Tax liability. The excess, if any, can be deducted against advance payments of the subsequent five years.

## **OVERSEAS SERVICE CHARGES**

Management and technical services contracts concluded with foreign service providers are subject either to communication to or to approval by the Ministry of Economy, depending on the amount of the contract. The total amount of services contracted with overseas service suppliers shall not exceed 10 times the equity value of the Angolan company acquiring such services; in case this condition is not met, the amount in excess will be treated as non-deductible expenditure. The payment of services to non-resident companies is subject to a final withholding tax rate of 6.5%, except for the following services:

- Educational Services;
- Medical Services;
- Transportation Services, including passengers;
- Rental of Equipment subject to Capital Application Tax

## PERMANENT ESTABLISHMENT

In accordance with the Angolan General Tax Code, a fixed place of business from which the company exercises the whole or a part of its activity, namely an office, a branch or a factory is deemed as a permanent establishment. The continued provision of services for periods longer than 90 days within any 12 months period may also be deemed as a permanent establishment. Foreign companies with a permanent establishment in Angola are subject to Industrial Tax on:

- (a) The profits imputable to the Angolan permanent establishment;
- (b) The profits imputable to the sale of goods in Angola of similar nature to those sold by the permanent establishment in that territory; and
- (c) The profits imputable to other commercial activities carried out in Angola of similar nature to those carried out by the permanent establishment in that territory.

An Angolan branch of a non-resident company is taxed on its profits and capital gains in the same way as a resident Angolan company. The repatriation of Angolan branch profits to its head office is subject to Capital Application Tax at rate of 10%.

## CAPITAL GAINS

Capital gains obtained by resident companies with the sale of fixed assets are included in their taxable income, which is taxed under Industrial Tax at the standard flat rate of 30%. Capital gains with the sale of shares and other securities are taxed under Capital Application Tax at a rate of 10%.

## CONSUMPTION TAX

There is no value-added tax (VAT) in Angola. Instead, a consumption tax is levied on the production and import of goods as well as on the provision of services listed in the Consumption Tax Code. For products, the standard rate is 10%. However, there are a number of listed products taxed at 2%, other at 20% and other at 30%. As far as services are concerned, a standard tax rate of 5% applies to a specified number of services, including water and energy consumption, communication services, car rental, consultancy services, private security, car rentals and tour operator services. Hospitality services are taxed at a 10% rate.

As a general rule, the consumption tax must be charged in the invoice issued by the entity providing taxable services. The consumption tax is to be borne by the acquirer of the goods or services, being the supplier liable for the payment of the tax after collection. Services invoiced by non-resident taxpayers will be taxed by reverse charge by the acquirer of the service. In the specific case of services charged by a domestic service provider to an oil sector company, the consumption tax charged on the invoice must be paid to the State directly by customer (the oil company).

## STAMP DUTY

Stamp Duty is levied in a wide range of operations and contracts. Both the operations on which the tax is levied and the applicable rate are listed in the table annex to the Stamp Duty Code. Tax rates vary from 0.1% to 1%. Certain items are taxed at a determined fixed amount. Some examples are:

- (i) Amounts collected by a company from its customers (1%);
- (ii) Loans (0.1% to 0.5% on the principal amount of the loan depending on the loan contracted period);
- (iii) Notary acts (AOA 2,000).

In the particular case of loans granted by foreign companies as well as in the case of interest charged by a foreign bank, the tax must be self-assessed (by reverse charge) and paid by the borrower.

## CAPITAL APPLICATION TAX

Capital Application Tax applies to investment income, such as interest, dividends, royalties and capital gains with the sale of shares and other securities. The tax rates vary from 5% (e.g. loan interest with maturity over 3 years and dividends from listed companies) 10% (e.g. dividends, royalties, capital gains, bank deposits interest) or 15% (loan agreements interest). In the case of loan contracts, the tax authorities may deem that the principal is remunerated at a 6% interest rate. Dividends paid between

Angolan resident companies are exempt from tax if a participation of 25% has been held for a 1 year period prior to the dividend distribution; otherwise a tax of 10% must be withheld.

### **URBAN REAL ESTATE INCOME TAX (IPU)**

This tax is levied on rented as well as on non-rented urban real estate. In the case of rented real estate, the tenant is required to withhold 15% tax on the rents paid to the landlord. Non-rented urban real estate with a taxable value over AOA 5,000,000 is subject to tax at rate of 0.5%.

### **REAL ESTATE TRANSFER TAX (SISA)**

This tax is levied on all acts involving the sale of real estate at a rate of 2% and is payable by the buyer.

### **SPECIAL TAX REGIME - PETROLEUM INDUSTRY TAX**

Income from oil industry is subject to a specific tax regime. This tax regime is applied to all companies that perform activities of search, development, production, storage, treatment and sales of oil and its components. Oil Corporate Income Tax Rates:

- Production or sharing agreement – 50%;
- Other types of joint-ventures – 65.75%;
- Angolan companies members of the national concessionaire – 30%.

### **SPECIAL TAX REGIME - MINING INDUSTRY TAXATION**

Mining companies are subject to a specific tax regime. The general rate applied in this tax regime is 25%.

## **B. DETERMINATION OF TAXABLE INCOME**

### **GENERAL REGIME**

Taxable income is calculated by adjusting the accounting profits from non-taxable income and non-deductible expenses. As a general principle, costs are only deductible when necessarily incurred for the purpose of producing income.

### **DEPRECIATION OF FIXED ASSETS**

Fixed assets can be depreciated for tax purposes over the useful life of the asset. The depreciation rates are set by specific legislation and the normal method of calculation is the straight-line method.

### **STOCK / INVENTORY**

Inventory must normally be valued at the effective acquisition or production cost (historical cost).

### **DIVIDENDS**

Dividends when subject to Capital Application Tax are excluded from the tax basis for CIT proposes. The same applies for other income subject to Capital Application Tax, such as capital gains with the sale of shares.

### **INTEREST DEDUCTION**

Interest charges related to shareholder loans are not tax deductible for corporate income tax purposes.

Interest on loans contracted with other parties are eligible as tax deductible.

## LOSSES

Operating losses incurred by resident companies or by a branch of a non-resident company, may be carried forward and set off against taxable profits for the following three years.

## FOREIGN SOURCED INCOME

Angolan companies are taxed on their worldwide income, including any foreign branch income.

## INCENTIVES

The grant of tax incentives to foreign private investment in Angola requires a minimum investment of 1 million USD and will take into consideration the area of implementation of the investment and the type of activities carried out there. If eligible, the investor may apply for tax benefits namely corporate tax, stamp duty and capital application tax reduction for a maximum period of 10 years.

### C. FOREIGN TAX RELIEF

There is no tax relief on foreign taxes paid by Angolan companies.

### D. CORPORATE GROUPS

Companies which are classified as Large Taxpayers may opt to be taxed on the aggregated value resulting from the sum of the taxable profits and losses computed in the group.

### E. RELATED PARTY TRANSACTIONS

There is a general provision that allows the tax authorities to adjust the taxable income of any taxpayer as a result of non-arm's length transfer pricing practices. A company listed as a Large Taxpayer is required to prepare transfer pricing documentation.

### F. WITHHOLDING TAX

Under domestic law, dividends paid to non-resident companies are subject to a 10% withholding tax. Dividends between Angolan resident companies may be exempt from withholding tax if a participation of at least 25% is held for a period longer than 1 year prior to the dividend distribution. Dividends paid to resident or non-resident companies with stocks traded on a recognized stock exchange market are subject to a reduced withholding tax rate of 5%, applicable for the years of 2015 until 2019. All royalties paid to resident or non-resident companies are subject to a 10% withholding tax.

Interest paid to resident or non-resident companies are subject to withholding tax usually at a rate of 15%. However, certain interest, such as interest on shareholders loans, corporate bonds, bank deposits, treasury bills, treasury bonds and securities issued by the Angolan Central Bank (BNA), are subject to a 10% rate. Interest on treasury bonds and securities issued by the BNA is subject to a reduced rate of 5% if the maturity is of no less than three years. Services are usually subject to a 6.5% withholding tax regardless they are paid to a resident or non-resident service provider. Some exemptions may apply depending on the type of service.

### G. EXCHANGE CONTROL

At present, foreign currency transfers are subject to a 10% tax. This rate has been announced as temporary and is aimed to face the financial impacts on the economy resulting from the oil prices reduction.

## H. PERSONAL INCOME TAX

Individuals receiving employment income for work performed in Angola are subject to personal income tax. The individuals' tax payers are divided in three groups:

Group A – Employment Income;

Group B – Independent professionals (appeared in the list annex to the Personal Income Tax Code);

Group C – Industrial and Commercial Activities.

### EMPLOYMENT INCOME (Group A)

Employment income is taxed by withholding tax (final tax) levied on the monthly remuneration paid, at the following progressive rates:

Salaries in Kwanzas	Tax rates
Up to 34,450	Exempt
From 34,451 up to 35,000	6% of the amount exceeding 34,451
From 35,001 up to 40,000	550 + 7% of the amount exceeding 35,001
From 40,001 up to 45,000	900 + 8% of the amount exceeding 40,001
From 45,001 up to 50,000	1,300 + 9% of the amount exceeding 45,001
From 50,001 up to 70,000	1,750 + 10% of the amount exceeding 50,001
From 70,001 up to 90,000	3,750 + 11% of the amount exceeding 70,001
From 90,001 up to 110,000	5,950 + 12% of the amount exceeding 90,001
From 110,001 up to 140,000	8,350 + 13% of the amount exceeding 110,001
From 140,001 up to 170,000	12,250 + 14% of the amount exceeding 140,001
From 170,001 up to 200,000	16,450 + 15% of the amount exceeding 170,001
From 200,001 up to 230,000	20,950 + 16% of the amount exceeding 200,001
Above 230,000	25,750 + 17% of the amount exceeding 230,000

### INDEPENDENT PROFESSIONALS (Group B)

Fees paid to independent professionals are subject to withholding tax at a flat rate of 15% on 70% of their total income (being the effective tax rate of 10.5%).

### INDUSTRIALS AND COMMERCIALS ACTIVITIES (Group C)

Income derived from industrial and commercial activities is subject to a rate of 30% determined according to the Minimum Profits Table or to a rate of 6.5% in other situations.

### MINIMUM WAGE

In Angola, the minimum wage is determined according to the economic sector where the employee works:

- Commerce and extractive industry: 22,504.50 AOA;
- Transports, services and processing industry: 18,754.00 AOA;
- Agriculture: 15,003.00 AOA.

### SOCIAL SECURITY CONTRIBUTIONS

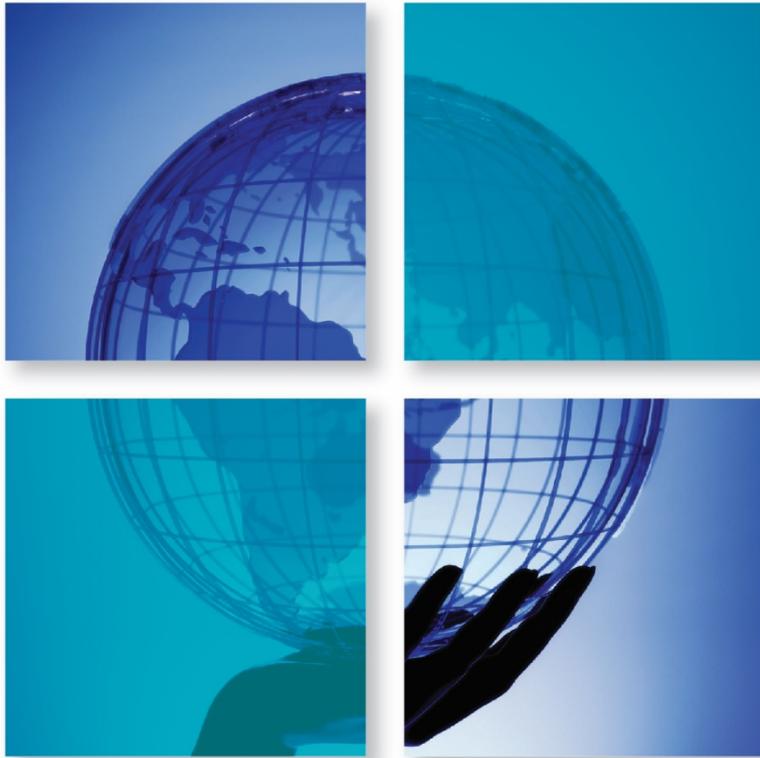
Remunerations paid by employee are subject to social security contributions at the following rates:

- 8% for the employer; and,

- 3% for the employee (to be withheld by the employer).

## **I. TREATY AND NON-TREATY WITHHOLDING TAX RATES**

Angola has not concluded a tax treaty with any jurisdiction.



[www.pkf.com](http://www.pkf.com)