

Fiscal Guide 2006

Income Tax

The source basis of taxation is applied in Angola in terms of the Corporate Income Tax Code of 1972 and amended by Law 18/92. Business income tax is levied on companies and self-employed individuals.

In addition to corporate income tax, an investment income tax is levied under the Law 7/97 Withholding Tax by means of an advanced withholding on domestic dividends, interest and royalties.

Rates

A resident company is taxed on its worldwide income. Non-residents that derive income in Angola are subject to the same rules as residents. Corporate Income Tax must be paid by the 31st May of the year following the year for which tax is due. However, 75% of the final tax amount (based on the previous years tax return) must be paid in interim payments in January, February and March.

Special tax regimes apply to companies engaged in petroleum and mining operations.

Resident Companies

Business income tax:

- | | |
|----------------------|--|
| – standard rate | 35% |
| – mining enterprises | 35% |
| – oil enterprises | 50% for production sharing agreement partners; 65,75% for joint venture partners |

Capital gains taxed as business income

Dividends:

- | | |
|-------------------|--------------------------|
| – domestic source | 10% |
| – foreign source | taxed as business income |

Interest	15% for loans
	10% for corporate bonds

Royalties:

- | | |
|-------------------|--------|
| – domestic source | 10% |
| – foreign source | Exempt |

Fees taxed as business income

Rent taxed as business income



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An individual's employer withholds earned income tax from that person's employment income on a monthly basis. The amounts withheld are final taxes and therefore employees do not submit tax returns. Individuals engaged in business are taxable on business income in the same manner as companies and must submit tax returns.

Resident Individuals

Business income tax	35%
Earned income tax:	
– salaries and wages	0%-15% **
– professional (including artistes/sportsmen) fees	15% levied on 70% of total income
Capital gains	exempt
Dividends:	
– domestic source	0% *
– foreign source	exempt
Interest:	
– domestic source	15% * Loans; 10% * for bond interest or exempt (Treasury bonds and bank deposits)
– foreign source	exempt
Royalties:	
– domestic source	10%
– foreign source	exempt
Fees	subject to business income tax or earned income tax
Rent	subject to business income tax (in the case of rent received in the case of a business) or urban real estate income tax (in all other cases)

Non-Resident Individuals

Business income tax	35%
Earned income tax:	
– salaries and wages	0%-15% **
– professional (including artistes/sportsmen) fees	15% levied on 70% of total income
Capital gains	taxed as business income in case of business income tax taxpayer; exempt from tax in case of earned income tax taxpayer
Dividends	10% *
Interest	
– from bonds	10% *
– from loans	15%
– from bank deposits	exempt



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Royalties	10%*
Fees	subject to business income tax if paid in respect of scientific or technical services or as a commission, or to earned income tax
Rent	subject to business income tax in case of rent received in the course of a business or to urban real estate income tax (in all other cases)

* Final withholding tax (investment income tax)

** Earned Income Tax Table

Monthly income (AOK)	Rate %
up to 8,500	0
8,500 - 11,000	2
11,000 - 16,000	4
16,000 - 21,000	6
21,000 - 26,000	8
26,000 - 36,000	10
36,000 - 56,000	12.5
56,000 - 76,000	14
over 76,000	15

Capital Gains Tax

There is no separate Capital Gains Tax in Angola. The taxation of capital gains is as follows:

- for business income tax purposes, worldwide capital gains are treated as ordinary business income.
- capital gains derived by individuals who are not in business from the alienation of immovable or movable property are not subject to any tax. Capital gains from the sale of shares, quotas and other corporate rights do not attract investment income tax

Inheritance and Donations

A tax on inheritance and succession is levied on a sliding scale on the value of goods donated or inherited at rates of 10% – 30%.

Transaction Taxes

The standard rate of consumption tax is 10% but a reduced rate of 2% applies to domestic supplies and importation of commodities listed in Appendix I to the Consumption Tax Regulations and increased rates of 20% and 30% apply to commodities (essentially luxury goods) listed in Appendix II of the Regulations.



Stamp and Transfer Duty

Stamp Duty is levied under the Stamp Duty Regulations of 29 May 1945 and amended multiple times, last amendment was passed in 2005. Stamp Duty is levied at rates of 0.3% to 10% on all acts, deeds, documents, papers receipts and other transactions. Most common rate is 1%.

Double Tax Treaties and Reduced Rates

Angola has not entered into any double taxation treaties with another country.

Investment Information

Investment Rules

Foreign investment in Angola is regulated by Law 11/03 of 13 May 2003, Law for Private Investment. Under this Law, an investor is guaranteed free initiative, except in State reserved areas, as defined by law; safety and protection of the investment; equal treatment to national and foreign citizens and protection of the rights of economic citizenship of Angolan nationals; respect for and full compliance with international agreements and treaties. Most importantly, the investor is allowed to repatriate dividends.

To register as a private investor, the law establishes a minimum investment of US\$100,000. Under this Law, investments up to US\$5,000,000 are approved by ANIP, Agency for Private Investments. Beyond US\$5,000,000 investments require approval of the Council of Ministers.

Investments in the mining banking and oil industry are governed by special regimes and require prior approval from Angolan Central Bank, Ministry of Geology and Mining and Ministry of Petroleum and Sonangol.

Tax Incentives

In addition to capital allowances on fixed asset expenditure, special tax allowances are available for investment in listed development areas, priority sectors and other relevant investments. The incentives include tax holidays, reduced rates of taxation and import duty as well as full deduction on infrastructural expenditure.



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Exchange Controls

In terms of the Foreign Exchange Law of 1997, exchange controls which are administered by the central bank, require that all transfers of direct investments and inward and outward payments be subjected to an approvals process by the central bank. Resident foreign individuals may operate foreign exchange bank accounts in banks abroad and, except for enterprises carrying on mining operations, Angolan based foreign subsidiaries and representative offices may open foreign exchange bank accounts with Angolan-based banks. Non-residents are able to open and operate accounts in domestic or foreign currency in Angolan-based banks.

Remittances abroad may only be effected through the local banking system and require prior approval from the Central Bank. The repatriation guarantee provides that an authorised investor may transfer out of Angola in an approved foreign currency its profit distributions, expropriation-related compensation received and the proceeds from foreign capital disinvestment, including capital gains.

Enterprises engaged in mining operations, including the diamond sector, are subject to tight foreign exchange restrictions the most important of which are:

- Payments of import/export operations must all be made through an authorised local bank
- All export-related proceeds must be deposited in a local bank account
- A mining company may not hold a bank account outside Angola
- Guarantees or escrow-type accounts with foreign financial institutions may only be held for the purpose of debt servicing relating to loans previously approved by the central bank

Petroleum operations are subject to more favourable treatment under the exchange control environment.

Residence and Work Permits

All foreign workers engaged in employment duties in Angola must obtain visas after justification for their stay. If hired by an Angolan company or a foreign company with a permanent establishment in Angola, foreign workers are also required to obtain a work permit.

Annual Budget Announcement

The Minister of Finance generally announces the annual Budget and Taxation Proposals in November each year for the tax year commencing on 1 January thereafter.

Trade and Bilateral Agreements

Membership – WTO, Economic Community of Central African States (CEEAC), Community of Portuguese-speaking countries (CPLP), SADC, ACP-EU Partnership Agreement, COMESA.

A close-up, blue-tinted photograph of a calculator keypad, showing numbers like 434, 192, 64, 5, 117, and 328.

Economic Statistics

US\$ Exchange Rate (31 December 2005) Kz 80.77

Inflation (31 December 2005) 18%

GDP (31 December 2005) US\$ 23.8 Billion

Travel Information

Visa Requirements: Invitation letter needed. Visa takes up to 15 days

Flights: Daily flights to and from Johannesburg and Lisbon

Inoculations: Yellow fever certificate requested

Currency

The Kwanza (Kz)

Languages

Portuguese is the official language of Angola; local languages most commonly spoken are Kimbundo, Umbundo and Kikongo.



Key Contact

Paul de Sousa

Senior Partner and Tax Partner

Telephone: +244 (222) 310 791/825/827/828

e-mail: paul.sousa@kpmg.co.ao

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