

Angola Taxes Overview

Angola Income Tax Rates

Angola income tax rates for individuals (resident and non-resident) are levied on a sliding scale at rates which vary from 0% to 17%.

Taxable income bracket (Angolan Kwanza) / Tax rate on income in bracket (%)

AOA 0 – 25,000 No tax

AOA 25,001 – 30,000 5% of the amount exceeding AOA 25,001

AOA 30,001 – 35,000 AOA 250 + 6% of the amount exceeding AOA 30,001

AOA 35,001 – 40,000 AOA 550 + 7% of the amount exceeding AOA 35,001

AOA 40,001 – 45,000 AOA 900 + 8% of the amount exceeding AOA 40,001

AOA 45,001 – 50,000 AOA 1,300 + 9% of the amount exceeding AOA 45,001

AOA 50,001 – 70,000 AOA 1,750 + 10% of the amount exceeding AOA 50,001

AOA 70,001 – 90,000 AOA 3,750 + 11% of the amount exceeding AOA 70,001

AOA 90,001 – 110,000 AOA 5,950 + 12% of the amount exceeding AOA 90,001

AOA 110,001 – 140,000 AOA 8,350 + 13% of the amount exceeding AOA 110,001

AOA 140,001 – 170,000 AOA 12,250 + 14% of the amount exceeding AOA 140,001

AOA 170,001 – 200,000 AOA 16,450 + 15% of the amount exceeding AOA 170,001

AOA 200,001 – 230,000 AOA 20,950 + 16% of the amount exceeding AOA 200,001

Above AOA 230,001 AOA 25,750 + 17% of the amount exceeding AOA 230,001

Tax Basis – Individuals are taxed on Angola source income.

Residence – Residence is not defined in Angolan tax law, as individuals are taxed, irrespective of their residence, on Angolasource income, wherever paid.

Filing status – Spouses must file separate returns; joint filing is not permitted.

Taxable income – Individuals are subject to separate tax on income from business, employment, investments and property. Employment income is broadly defined and includes benefits-in-kind.

Capital gains – Capital gains obtained by an individual are only taxable when realised as part of a business activity.

Deductions and allowances – Vacation and severance pay, accident and illness benefits and the “13th month” bonus are excluded from taxable employment income. Social security deductions are deductible.

Tax Rates – Employment income is taxed at progressive rates up to a maximum rate of 17%. The withholding tax on investment income is a final tax for individuals. Taxable capital gains are included in business income and taxed at the standard tax rate of 20% for unincorporated businesses. Professional fees are subject to withholding tax at an effective rate of 10.5%.

Other taxes on individuals:

Capital duty – A capital duty of 0.5% is levied on the contribution of new capital in a company.

Stamp duty – A 1% stamp duty is levied on all business receipts. Documents and agreements are also subject to stamp duty at nominal or ad valorem rates.

Capital acquisitions tax – No

Real property tax – Real estate tax is charged at a rate of 30% on the taxable income arising from urban real estate. The law establishes the rules to calculate the taxable income for purposes of this tax. The tax is not applied to owner-occupied buildings used for industrial purposes.

Inheritance/estate tax – A gift and inheritance tax applies to gratuitous transfers of property located in Angola by a resident. The rate is 10% for transfers between spouses or offspring or parents for the first AKZ 3 million, and 15% on the excess.

Net wealth/net worth tax – No Social security – The employee pays 3% of salary. The employer pays 8%.

Angola Corporate Tax Rates

- The standard rate of Angola corporate tax is 35% for resident corporations and Angolan PEs of nonresident companies.
- A reduced corporate tax rate of 20% applies for agriculture and forestry.
- Income from oil is taxed at 50% or 65.75%.
- Tax rate for mining activities is 40%.

Residence – A business is resident if its domicile, head office or effective management or control is in Angola.

Basis – A resident company is taxed on its worldwide income; a nonresident is taxed only on Angola-source income.

Taxable income – Business income is broadly defined and includes all earnings and gains from principal and secondary activities.

Taxation of dividends – For residents, dividends are included in taxable income and are liable to taxation at the standard corporate income tax rate, subject to application of the participation exemption. Withholding tax imposed on dividends

may be credited against the final tax liability.

Capital gains – Capital gains are taxed as business income. An inflationary adjustment is deductible from gains arising from the disposal of assets on which capital allowances are not available. Rollover relief is available.

Losses – Tax losses may be carried forward for 3 years. The carryback of losses is not permitted.

Tax Rate – The standard rate of corporate income tax for residents (including Angolan PEs of nonresident companies) is 35%. A reduced rate of 20% applies for agriculture and forestry activities. Rent from urban property is taxed at 30%. A 40% rate is provided for mining activities. Income from oil is taxed at 50% or 65.75% for foreign production sharing agreement and joint venture partners.

Surtax – No

Alternative minimum tax – No

Foreign tax credit – Angola applies the ordinary foreign tax credit as a unilateral method for the avoidance of double taxation for resident companies and Angolan PEs of nonresident companies.

Participation exemption – Dividends received by an Angola company from another Angola company are deducted from the taxable profit of the former, provided the recipient has held at least 25% of the payer company for at least 2 years (or from the incorporation date for companies operating less than 2 years).

Holding company regime – No Incentives – Significant incentives are available (for up to 15 years) for foreign and local investors in priority geographic areas and industries. These can include reduced or nil rates of corporate tax, withholding tax, customs duties and the transfer tax on

property.

Withholding tax: Dividends – Capital income tax at a rate of 10% is withheld on dividends paid to both residents and nonresidents. Exemptions apply in certain cases and the rate may be reduced to 2.5% or 0% under an incentive package.

Interest – Capital income tax at a rate of 15% is withheld on interest paid to both residents and nonresidents. The rate may be reduced to 2.5% under an incentive package.

Royalties – Capital income tax at a rate of 10% is withheld on royalties paid to both residents and nonresidents. The rate may be reduced to 2.5% or 0% under an incentive package.

Other – Tax is withheld on payments for most types of services provided to Angola residents. The withholding tax rate is 3.5% for services related to immovable property and 5.25% for other services.

For residents, the tax withheld on payments received is considered as a payment on account of the tax due at year end.

Branch remittance tax – No

Other taxes on corporations:

Capital duty – A capital duty of 0.5% is levied on the contribution of new capital in a company.

Payroll tax – No

Real property tax – Real estate tax is charged at a rate of 30% on the taxable income arising from urban real estate. The law establishes the rules to calculate the taxable income for purposes of this tax. The tax is not applied to owner-occupied buildings used for industrial purposes.

Social security – The employee pays 3% of salary. The employer pays 8%.

Stamp duty – Stamp duty applies to many acts, contracts, documents, etc., at nominal or ad valorem rates. A 1% stamp duty is levied on the monthly turnover of companies.

Property Transfer tax – Property transfer tax is applicable to transfers of real estate (buildings and land) at a rate of 10%. The tax is due by the acquirer.

Other – No

Anti-avoidance rules:

Transfer pricing – The arm's length principle applies to related party transactions.

Thin capitalisation – No

Controlled foreign companies – No

Other – No

Disclosure requirements – No

Administration and compliance:

Tax year – Calendar year

Consolidated returns – Consolidated returns are not permitted; each company must file its own return.

Filing requirements – Returns and final tax payments are due by the following 31 May, at which date the statutory return is filed with audited financial statements. Provisional tax is payable monthly during the year at 3.5% of the previous month's turnover.

Penalties – A penalty equal to double the tax due is imposed for late payment of corporate income tax.

Rulings – Potential investors can obtain rulings on tax matters from the National Directorate of Taxes. Rulings are

binding on the tax authorities provided the facts disclosed remain valid. The tax authorities will also grant specific rulings or general guidance on the interpretation of the tax law.

Petroleum Industry Tax Regime

Oil companies in Angola are subject to a specific tax regime.

Petroleum Income Tax (PIT)

Tax base: PIT is levied on the income obtained from the exercise of petroleum transactions and any other income derived from other activities of a non-commercial or industrial nature.

Tax rate :

- . 65.75% – in relation to a joint venture agreement (“Associação em Participação”)
- . 50% – for a cost share agreement.

Petroleum Transaction Tax (PTT): PTT is due on all the income derived from petroleum transactions carried out under a joint venture agreement. The tax rate is 70%.

Surface: Surface fees are calculated based on production areas at a rate of \$300 per square kilometre per year.

Production Royalty: This is due on non-PSA (Associação em Participação) total hydrocarbons production less hydrocarbons used in filed operations at a rate of 20% with possible reduction to 10%.

Mining Industry Taxation

Mining companies are subject to a specific taxation regime.

Mining Corporate Income Tax

The tax base is the same as corporate income tax with specific adjustments, such as depreciation. The tax rate is 40% and is

payable in the same manner as corporate income tax.

Mining Surface Fee: This fee is due based on the surface area licensed during the prospecting and exploration periods. The tax rate varies between US\$1/Km² to US\$4/Km².

Mining royalty: This is charged ad valorem on the market value of the annual mineral ore output at various rates between 2% and 5%.

Dividends: Companies are generally subject to tax on the gross amount of dividends received. Dividends received from Angolan companies subject to industrial tax are exempt from tax if, at the time of the distribution, the recipient owns at least 25% of the capital of the paying company and has held the shares for at least two years or since the incorporation of this company. Whenever the dividends are distributed by a local company and the conditions mentioned above are not foreseen, the tax rate is 10%. Dividends received from a foreign company are considered to be normal business income and taxed at an effective rate of 35%.

Foreign tax relief: Foreign-sourced income is included in the taxable income. No relief is granted for foreign taxes paid by an Angola taxpayer subject to earned income tax. Tax credits are available for overseas taxes incurred in certain circumstances.

Angola Sales tax / Value added tax (VAT) Rates

The standard rate of VAT in Angola is 10%.

This tax is levied on the supply of goods and services as well as on the import of goods into Angola. The tax rate ranges from 2% to 30%, depending on the goods or service.

Taxable transactions – Angola levies a consumption tax, which operates as an excise tax and a sales tax on the supply and import of goods and services in Angola.

Rates – The standard rate is 10%, with a reduced rate of 2% on essential foods and medical supplies. Increased rates of 20% and 30% apply to certain luxury items.

Registration – The Commencement of Activity Tax Return filed by a new business is used for registration for consumption tax purposes.

Filing and payment – The monthly return and payment of tax are due by the last business day of the following month.