



## Angola– August 2020

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### Angola Introduces Several Changes to Corporate Income Tax, Property Tax, and Individual Income Tax

Angola's tax administration has announced that several changes in tax legislation have been approved and published in the Official Gazette in July 2020. The main changes are summarized as follows:

#### *Corporate Income Tax*

Some of the main corporate income tax changes include the following:

- The general corporate tax rate is reduced from 30% to 25%;
- The reduced tax rate for agricultural, aquaculture, apiculture, poultry, livestock, fishing, and forestry activities is reduced from 15% to 10%;
- The tax rate for oil companies is reduced to 35% from the previous rates of 50% or 65.75%, depending on the company;
- The tax rate for activities in the banking and insurance sectors and telecommunications operators is increased from 30% to 35%;
- The withholding tax rate on services provided by non-resident entities is increased from 6.5% to 15%, which is a final withholding tax;
- The rules for the inclusion of exchange rate fluctuations in taxable income is amended such that favorable and unfavorable exchange rate fluctuations can only be included if actually realized;
- Deduction rules are changed such that property taxes are no longer deductible for corporate income tax purposes;
- The cap for the deduction of depreciation costs incurred on light passenger or mixed vehicles is increased from AOA 7 million to AOA 20 million;
- The loss carryforward period is extended from 3 years to 5 years;
- The 5-year carryforward period limit for credits arising from provisional corporate income tax payments is abolished (i.e., may now be carried forward indefinitely);
- The investment reserve regime is amended, including that investment reserves may be deducted in the 5 tax years following the year the investment is concluded (up from 3 years); and

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- The penalty for late payment of corporate income tax assessed has been reduced from 35% to 25%.
- The law introducing the changes was published on 20 July 2020 and enters into force on 19 August 2020.

### *Property Tax*

A new Property Tax Code was approved that will enter into force on 9 August 2020 and replaces the Urban Property Tax Code. Under the new Property Tax Code, property tax is levied as follows:

Urban property that is not rented is subject to property tax at the following rates based on the registered property value:

- up to AOA 5,000,000 - 0.1%
- AOA 5,000,001 to 6,000,000 - AOA 5,000
- AOA 6,000,001 and over - 0.5% on the registered value above AOA 5,000,000

Rented property is subject to property tax at a rate of 25% on the taxable rental income, which is 60% of the gross rental income (i.e., 15% rate on gross rental income), although this may not be lower than property tax due based on registered value;

Rural property is subject to property tax corresponding to a registered value of AOA 10,397 per hectare; and

The transfer of property is subject to property tax at a rate of 2%.

It is also provided that property tax may be increased by 50% in cases where buildings are left vacant for more than one year or land for construction is not effectively utilized for more than three consecutive years.

### *Individual Income Tax*

A new Labor Income Tax Code has been approved, which provides new tax brackets/rates that apply from 1 September 2020 for Group A taxpayers as clarified in a separate announcement:

- up to AOA 70,000 - exempt
- AOA 70,001 up to 100,000 - 10.0%
- AOA 100,001 up to 150,000 - 13.0%
- AOA 150,001 up to 200,000 - 16.0%
- AOA 200,001 up to 300,000 - 18.0%
- AOA 300,001 up to 500,000 - 19.0%
- AOA 500,001 up to 1,000,000 - 20.0%
- AOA 1,000,001 up to 1,500,000 - 21.0%
- AOA 1,500,001 up to 2,000,000 - 22.0%
- AOA 2,000,001 up to 2,500,000 - 23.0%
- AOA 2,500,001 up to 5,000,000 - 24.0%
- AOA 5,000,001 up to 10,000,000 - 24.5%

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- AOA 10,000,001 and above - 25.0%

The scope of the taxable income is also expanded to include all wages, salary, remuneration, bonuses, allowances, and other benefits or perks earned as a result of dependent work or the provision of services.

Changes are also made for self-employment income of Group B and Group C taxpayers, including a withholding tax rate of 6.5% on payments for services when paid by entities with organized or simplified accounting. For income excluded from withholding tax, a flat 25% tax rate applies. Where Group B and Group C taxpayers maintain organized accounts, they may be subject to the provisions of the Corporate Income Tax Code for the assessment of taxable income, with certain rules on the deduction of costs.

### *General Tax Code*

Amendments to the General Tax Code were published on 9 July 2020 and entered into force on that date. One of the key amendments is for the introduction of a general anti-abuse rule that allows the tax authorities to disregard for tax purposes any acts aiming at obtaining a tax advantage with the abuse of legal forms, as well as establishing taxation of acts or business based on substance and economic reality.

New rules are introduced for claims against assessments and appeals. This includes that the time limit for filing an administrative claim against a tax assessment or other administrative act related to taxes is set at 30 days from the date of notification, with decisions on claims to be issued by the tax administration within 60 days of the claim. Where a taxpayer is not satisfied with a decision and wishes to appeal to the highest body of the tax administration, the time limit for filing the appeal is within 30 days following the notification of the decision, with appeals to be decided within 60 days.

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