

Angola

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Introduction

Angola is on the west coast of Africa, bordered by the Democratic Republic of Congo to the north and east, by Zambia to the east, by Namibia to the south, and by the Atlantic Ocean to the west. The territory also includes the enclave of Cabinda, which borders the Republic of Congo to the north.

Angola occupies 1,246,700 square kilometers and has a population of approximately 19-million. The currency is the Kwanza (AOA). The official language of Angola is Portuguese. Angola's capital city of Luanda is located on the Atlantic coast and is the main port and administrative center, with a population of approximately 5.5-million.

Angola is divided into 18 provinces, namely, Bengo, Benguela, Bié, Cabinda, Cunene, Huambo, Huíla, Kwanza-Norte, Kwanza-Sul, Kuando Kubando, Luanda, Luanda-Norte, Luanda-Sul, Malange, Moxico, Namibe, Uíge, and Zaire. The main urban centers, apart from Luanda, are Huambo, Lobito, Benguela, and Lubango. Angola has a coastline of 1,650 kilometers, along the Atlantic Ocean. Its major ports are Lobito, Luanda, and Namibe, and its major airports are 4 de Fevereiro International Airport (Luanda), Mukanka International Airport (Lubango), and Catumbela International Airport (Benguela).

Angola is a multiparty democracy with a presidential regime. The executive is made up of a Council of Ministers appointed by the President. The National Assembly has 220 seats, and its members are elected by proportional representation for four-year terms.

The Angolan legal system comes from a Romano-Germanic heritage, with a system of legislation that is largely codified. The courts are legally independent from political power and are structured in a pyramid with the Supreme Court at the top. Angola is part of the United Nations (UN), the Community of Portuguese Speaking Countries (CPLP), the African Union, the Southern Africa Development Community, the International Monetary Fund (IMF), and the World Trade Organization (WTO).

Establishment of Enterprises

Private Investment

Private Investment Regime

Law Number 20/11 of 20 May 2011 (the 'Private Investment Law', *Lei do Investimento Privado*) defines and governs private investment in Angola. Thus, it defines the principle to access incentives and benefits granted by the Angolan State to private investment after casuistic evaluation of the submitted project. Private investment may be national or external.

As opposed to the national investor, the external investor is deemed to be any individual or company, tax resident or not, who, regardless of nationality, brings into and applies foreign capital in Angola, with the right to transfer profits and dividends abroad. The regime has a strong supervisory component regarding the entry and exit of capital, with the direct intervention of the National Bank of Angola (*Banco Nacional de Angola*). The right to invest in Angola, as well as the right to perform any acts related to the pursuit of the relevant investment projects, depends on previous authorization.

The minimum amount for investment projects is legally stipulated at US \$1-million (or its equivalent in foreign currency in the case of intern investment). When the value of the investment is over the above-mentioned amount and, simultaneously, is performed by a legal person, only partners or shareholders in proportion to their shareholding individually possess the status of private investors, by demonstrating that they have invested in the investment project a minimum amount of US \$1-million.

The proposal and the investment authorization take place under a single procedure, and the competence to approve projects varies depending on the relevant amount of investment. The authorization procedures are handled by the National Private Investment Agency (*Agência Nacional do Investimento Privado*), which is responsible for the implementation of Angolan private investment policy, as well as the promotion, coordination, guidance, and supervision of private investments.

The National Private Investment Agency is, therefore, an important intermediary in most business sectors since it is to this entity that the investment applications must be submitted and which authorizes the private investment projects.

Once the private investment proposals have been approved, the National Private Investment Agency issues a Private Investment Registration Certificate (*Certificado de Registo de Investimento Privado*) that confers upon its holder the right to invest according to specific terms that are set out in the Private Investment Registration Certificate.

The Private Investment Registration Certificate also is the document where all the rights and duties of the private investor are stated, and is the basis for all investment operations in Angola.

There is no legal obligation for foreign investors to associate with national investors for implementing investment projects. However, this rule does not apply to specific sectors such as media, air transportation, oil exploration, and diamond mining.

Incentives for Private Investment

The management of the system of incentives, tax, and customs benefits is carried out by the Angolan Executive Power, and the implementation is executed by the Ministry Department for State Finance.

Thus, the final decision belongs to the Minister of Finance, without diminishing the general competence of the National Private Investment Agency concerning the reception and the monitoring and supervision of the process.

In Angola, priority sectors include the farming industry, transforming and manufacturing industries, technology and modernization of the relevant industry, fishing and related industries, health and education, road, railroad, port, airport, telecommunications, energy and water infrastructures facilities, social housing, and hospitality and tourism. Tax incentives are used to encourage investment in these sectors and are offered in accordance with the area where the capital is invested (Zone A, B, or C).

Tax incentives include exemption or percentage reduction (up to the limit of 50 per cent) of the Industrial Tax on profits from the private investment, reduction or percentage reduction of Capital Income Tax in respect of profits distributed to shareholders of private investments, customs incentives on commodities imported by private investors, and exemption or percentage reduction of the Sisa Tax on acquisition of land and real estate properties connected with the private investment.

Main Types of Establishment

Commercial Companies

Commercial companies are those adopting one of the business forms listed in the Company Law in order to carry out business activities. The main forms are the joint-stock company (*Sociedade Anónima, S.A.*), the limited-liability company (*Sociedade por Quotas, Lda.*), the commercial partnership, and the economic interest grouping (*Agrupamento de Empresas, A.E.*).

Joint-Stock Company

The Angolan joint-stock company is a corporate body, the capital of which is represented by and divided into shares of equal face value and for which negotiable certificates may be issued to the shareholders. The shareholders' liability is limited to the face value of their shares.

As a general rule, in order to incorporate an S.A., a minimum of five individuals or corporate founders is required. There are no nationality or residence

requirements. An S.A.'s minimum capital requirement is the AOA equivalent of US \$20,000.

Limited-Liability Company

The Angolan limited-liability company is a corporate body, the capital of which is divided into and represented by quotas for which no certificates are issued. The quotaholders are not only liable severally for their own capital contribution, but also jointly liable for all capital contributions provided for in the charter.

The Lda.'s creditors may only claim against the assets of the Lda. itself, unless the articles of association provide that one or more quotaholders are liable for the company's debts, either jointly with the company, or severally when the company is liquidated.

An Lda.'s minimum (both registered and paid-up) capital requirement is the AOA equivalent of US \$1,000. In an Lda. whose registered capital exceeds US \$1,000, at least 50 per cent of the total face value of the quotas subscribed for in cash must be paid up before the articles of association are executed before a notary.

The rules on capital impairment of S.A.s also apply to an Lda. Larger Ldas. (i.e., those in which the combined value of total assets and profits are AOA 6-million or more) are required to have their annual financial statements audited by a locally registered auditor.

Commercial Partnership

There are three types of commercial partnership, to wit:

- The general partnership (*sociedade em nome colectivo*) — Each partner is accountable for his own contribution and has, with respect to the partnership's debts, joint liability with the other partners. In order to incorporate it, at least two (individual or corporate) partners are required. The firm's name must include either the names of all the partners or the name or denomination of at least one partner, followed by the words *e Companhia* or *& Cia* (or another collective term) to indicate that there are other partners.
- The limited partnership (*sociedade em comandita simples*) — This consists of one or more partners with unlimited liability who are the managing partners, and one or more partners with limited liability, who are the capital providers. These may be S.A.s or Ldas. At least two (individual or corporate) partners are required to form a limited partnership. One or more partners must have unlimited liability and one or more limited liability. The firm's name must end in *em Comandita* or *& Comandita*.
- The partnership limited by shares (*sociedade em comandita por acções*) — This has one or more partners with unlimited liability (managing partners) and at least five (individual or corporate) shareholders. The liability of the shareholders is limited to the face value of the shares subscribed for. Forming a partnership limited by shares requires at least one (individual or

corporate) partner with unlimited liability and at least five (individual or corporate) shareholders. The firm's name must end with the words *em Comandita por Acções* or *& Comandita por Acções*.

Economic Interest Grouping

The Angolan economic interest grouping is a type of incorporated joint venture that must be organized as a separate legal entity by means of a notarized charter. An economic interest grouping acquires legal personality upon registering its notarized charter in the Commercial Register, and it will keep such personality until registration of the conclusion of its liquidation. The members are jointly and severally liable for the debts of the economic interest grouping.

The purpose of an economic interest grouping is to facilitate the carrying on of the economic activities of its members and to improve or increase the results from those activities. The main corporate purpose, however, may not be profit-making-and-sharing for the economic interest grouping itself. An economic interest grouping may carry on ancillary activities, which are profit-making activities only if expressly authorized in its articles of association, being otherwise subject to the rules applicable to the general partnership.

An economic interest grouping may not own real estate, unless for use as business premises, nor have holdings in other companies, partnerships, or economic interest groupings. For registration requirement purposes, an economic interest grouping is treated as a commercial company.

Other Forms

Agency and Commercial Concession. Law Number 18/03 of 12 August 2003 provides for two types of commercial distribution contracts, the agency and the commercial concession. Both types of contract must be in writing.

Under an agency contract (*contrato de agência*), the agent merely promotes the conclusion of sales agreements between the principal and third parties in return for remuneration. The principal is always the owner of the goods and the agent may conclude contracts in the name and on behalf of the principal only when expressly permitted in the agency contract.

The object of a commercial concession contract (*contrato de concessão comercial*) is the purchase and/or sale by the concessionaire, within a specified area, of goods manufactured, distributed, and/or acquired by the grantor, in return for a consideration usually calculated as a percentage of the value of the signed contracts. The concessionaire owns the goods, but the grantor may reserve property in such goods until the concessionaire has fully paid the amount due.

Representative Office. Under Decree Number 7/90 of 24 March 1990, representative offices (*escritórios de representação*) may not undertake any commercial activities in Angola on their own account. Their activities are limited to the mere representation on behalf of and for the account of the foreign

(represented) entity, without legal capacity to act autonomously or hold any participation on the capital of companies.

Branch. A branch is not a legal entity and, thus, obligations entered into by the branch are binding on the foreign company. The setting-up and expansion of a local branch constitutes a foreign investment operation, provided that the capital allocation is equal to or exceeds US \$1-million.

A foreign company wishing to make a foreign investment in Angola of such an amount by setting up a local branch must submit a request to the National Private Investment Agency. The deed establishing a branch must be executed before an Angolan notary and then registered in the local Commercial Registry and with the tax authorities.

Furthermore, non-resident companies wishing to open a branch in Angola are required to apply for a license from the Ministries of Finance and Trade. The building where the branch office is located must have a signboard in front with the head office's name followed by the word *sucursal*.

Subsidiary. The incorporation of a local subsidiary constitutes a foreign investment operation, provided the capital contributed is equal to or exceeds US \$1-million. Foreign investors may use an Angolan subsidiary incorporated in one of the legal forms listed for business activities in Angola.

The incorporation requirements mentioned for a limited-liability company and a joint-stock company also are applicable to the establishment of an Angolan subsidiary by foreign companies. A company wishing to operate in Angola also must obtain a license to carry on either commercial activities or industrial activities from the Ministries of Industry and Trade.

Acquisition of Property

In General

The structure of rights and obligations relating to property in Angola comes from traditional Portuguese law, which is based on Romano-Germanic law. Thus, there is a first line of more complex rights giving stronger powers to their holders (the so-called real rights, such as property, as contained in the Constitution of Angola, the surface rights, and usufruct) which, in turn, entitle their holders to an advantageous position over the holders of less fundamental rights, such as rights based on contract or civil liability, e.g., the right to rent or the use of a gratuitous loan.

This structure is based on the colonial Portuguese Civil Code,¹ subject to numerous changes after Angola's independence in 1975, but no direct changes were made regarding this subject. Thinking that the rights and duties relating to

¹ Decree-Law Number 47344 of 25 November 1966.

property in Angola are identical to those in Portuguese law is a common mistake that should be avoided.

On one hand, there was an upheaval in the ownership of properties after Angola's independence, especially following the confiscation and nationalization of property by the Angolan State for later redistribution to individuals and private entities.

On the other hand, some colonial legislation published specifically for Angola is still in force, such as the urban rent system set out in Decree Number 43525 of 7 March 1961. New legislation has, however, been published with a significant impact, as exemplified by the Land Law, Law Number 9/04 of 9 November 2004.

In areas that were built up during the colonial period, there are often rights over property, specifically regarding private property that was confiscated by the State and handed over to individuals or private entities. In other words, property rights give the holder the greatest power over the goods, without fixed maturity and with the right to use and allow it to be used and to freely dispose of it, passing on rights or encumbering the property.

The owner of a property can use it or allow its use within the limits of the law and convey their property or other partial rights to others, or establish a real guarantee (mortgage) on the property to ensure the fulfilment of one or more obligations under the penalty of execution of such a guarantee.

The legal co-ownership of property, existing when the property is owned simultaneously by two or more owners who share the undivided property, also is legally permissible. Relevant legal acts pertaining to property must normally be preceded by the documentary evidence that they are conducted by the person who owns the property or who duly represents the owner.

Historical factors often mean that part of the property is not fully documented and/or the rights of its owners are not reflected in the proper records. Therefore, sometimes, the necessary documents for the formalization of transfers of rights do not exist (for instance, the documents required for the deeds of sale or mortgage) and, consequently, the legal security required for that purpose. This is most noticeable in the urban areas that developed in the post-independence period.

The urban areas that have expanded more recently are usually owned by the State, which often empowers other government bodies (such as the provincial governments) to constitute and regulate rights — almost always surface rights or as a concession scheme — for individuals or private entities. This matter is governed by the Land Law, which generally establishes the surface rights, rather than property rights, for these areas.

Rights over Real Estate

Property Law

The right to property, as given in the Constitution, is the broadest of all real rights since it gives the owner the right to enjoy exclusive rights of use and

disposition of his belongings, within the limits of law. Property rights may be acquired by contract, inheritance, prescription, or accession.

Horizontal Property

Horizontal property is a right that brings, on one hand, absolute ownership units and, on the other hand, co-ownership of common parts, such as soil, foundations, building structure, stairs, and elevators.

The particularity of the property system is reflected in the fact that these two rights coincide, so that the sale of a horizontal property automatically implies the transfer of co-ownership rights over the common parts.

The constitution of horizontal property of a building (or set of contiguous buildings, functionally linked by the existence of common shares allocated to the use of all or some units or parts) can be established through law, prescription, or a court decision and must be registered at the Land Registry.

Usufruct

Usufruct is the right to enjoy temporarily and fully an object or another's right, without changing its form or substance and can be constituted by contract, testament, prescription, or by law. Generally, the usufruct should not exceed the life of the beneficial owner. When the beneficial owner is a company, the maximum duration is 30 years.

Without prejudice to the restrictions imposed by the title deeds or by law, the beneficial owner can cede the rights to a third party, either permanently or temporarily, and can encumber it but is liable for any damages caused to the property by the third party.

Surface Rights

The concept of surface rights encompasses a limited real right that is used extensively in Angola. It consists of the possibility to permanently or temporarily construct or maintain a work on another's land or plant or keep plantations. In other words, surface rights confer the same powers as property rights with some exceptions, the most relevant being the time limit. The maximum time for surface rights under the Lands Act is 60 years, following which the right will cease and the property on which was based returns to normal.

Surface rights can be established by contract, testament, or prescription, as well as by the sale of existing trees or work, separately from the ownership of the land. In some cases there can be construction works, for which it was used a part of land, though not necessarily for its implementation, if it is useful for the work.

Acquisition of Property Right

The acquisition of a property right is subject to numerous and various legal obligations of different natures, namely:

- Obtain an update ownership certificate from the Land Registry;
- Obtain an update Tax Certificate from the Tax Office;
- Pay conveyance tax and stamp duty;
- Execute the deed of transfer at a public notary;
- Apply for provisional registration at the Land Registry Office;
- Receive definitive registration from the Land Registry; and
- Apply for definitive registration at the tax office.

Lease Regime

The lease regime is the contract whereby one of the parties (the landlord or lessor) allows the other party (the tenant or lessee), on a temporary basis and in return for a compensation (rent), the whole or partial use of property, which means having the benefit of its use within the scope of the contract and which may consist of a simple use or also the benefit of the leased property.

This contractual relationship is governed by the Lease Law² and the Civil Code and by the provision of lease contracts that do not contradict the former. The insufficiency of real estate due to Angola's economic process has led to derogations from the Law, such as the freedom to set deadlines, anticipate payment of rents (usually from one year to six months), and waiving the execution of notarial deed when this procedure is required as an essential component for the validity of the contract.

Taxation

As part of the ongoing tax reform in Angola, were approved in the last quarter of 2014, several legal instruments which contain either simple changes of detail and minor adjustments in certain taxes, or authentic reformulations in other cases, depending on the existing necessity of actualization. The major change occurred mainly in the legislation regarding the general tax activity, such as the case of the General Tax Code.

Indeed, in contrast to what happened in many other laws, which have been only subject to small updates and adjustments, the General Tax Code has undergone a thorough review, in order to make it compatible with the constitutionally enshrined principles and, also, with the requirements of the current economic environment and globalization.

² Decree Number 43525 of 7 March 1961.

At the same time, and with similar tune, the new Code of Tax Enforcement, which came to regulate coercive collection of tax debts, replaced the old 'simplified regime of tax enforcements' with the establishment of a new system of tax enforcements, more complete and matured. In the same law, an amnesty regime applicable to tax debts was created but it is only applicable to tax debts incurred until 31 December 2012.

The tax process also was changed, with the intention of adapting the current tax litigation to the Angolan constitutional framework. In this case, there was a total reformulation of the judicial tax process in order to provide greater speed and efficiency and, at the same time, establish a clear separation between the judiciary and the administrative power, as well as, to clarify, expressly, the rights and guarantees which assist taxpayers.

In regard specifically to taxes and taxation of income, the changes have been limited to the updating of the taxation regime of the income earned by natural or legal persons, without distorting it. In turn, the legislature tried to reconcile the various laws relating to taxation of existing income (the Code of Work-Related Income, the Industrial Tax Code, and the Capital Gains Code), clarifying the scope of income and taxable persons subject to each of these taxes. As regards, in particular, to the taxation of legal persons, the 'reform' of the Industrial Tax was even assumed, as the first step towards a transition to a new system of taxation, which should be regarded with caution.

There also was not a real reform regarding the indirect and property tax changes (Consumption Tax and Stamp Tax), and Stamp Duty, as there weren't innovations in itself to the genesis and characteristics of the tax, but rather changes aiming, above all, to its clarification and improvement. Regarding the Consumption Tax, reference must be made to the creation of a new regime for oil companies.

Industrial Tax

Who Is Taxed

Resident companies and resident natural persons (who earn income from industrial or commercial activities) are taxed in Angola on income earned in Angola and worldwide. A company is considered resident in Angola if it has domicile, registered office, or effective management in Angola. Non-resident companies or non-resident natural persons are only taxed on income obtained in Angola.

Exemptions and Exclusions

The Angolan State and all State agencies, public institutions of social utility, political parties, cooperatives, recognized religious institutions provided their income and capital are only used for their intended purpose, the National Bank of Angola, culture or sports associations, and foreign shipping or air companies (subject to reciprocity) are exempt from Business Income Tax.

Income exempt from Industrial Tax may include income earned occasionally in fund-raising for charities or other social-interest institutions, income from

the creation of new industries in Angola, and income from trade or business carried on in areas considered of interest to economic development (for a period of three to five years from the effective constitution). Income received relating to business subject to Real Estate Income Tax, or to Investment Income Tax, is excluded from taxable income.

What Is Taxed

Taxation under Industrial Tax divides taxpayers resident in Angola into two groups, namely:

- Group A includes State companies, public limited companies and partnerships by shares, other civil and commercial companies having a share capital equal or higher than AOA 2,000,000 or with an annual turnover equal or higher than AOA 500,000,000. A taxpayer can elect to be taxed in Group A, provided it expresses the intention by the end of February of the year in which the tax is due (after taking this option, the taxpayer is obliged to remain in Group A for three years and only then can return to Group B); the Tax Authorities will determine the inclusion of taxpayers in Group A.
- Group B includes natural or corporate persons not taxed under the rules of Group A or who owe tax in respect of an isolated act or transaction of a commercial or industrial nature.

For taxpayers included in Group A, the Industrial Tax is levied on the income determined by these entities, on the basis of the income and expenses incurred during the year. The concept of income in Angolan tax law is a broad one, including extraordinary gains, income from core activities or ancillary activities, rents (excluding real-estate rents), income from foreign sources, dividends, interest, and royalties, provided it is not taxed in another tax.

In the formation of taxable income, expenses necessary to realize these gains are deductible, within 'reasonable' limits, including charges for ancillary activities, financial charges, administrative charges, depreciation of property, taxes and levies themselves (except the Business Income Tax), certain types of donations, medical expenses, and certain types of provisions.

Expenses that are considered non-deductible include entertainment allowances, compensations paid as a result of insurable risk, fines, and charges for tax offences. Tax losses recorded in a given year can be deducted from taxable income up to the end of the third year next following. However, tax losses determined on tax-exempt or reduced-tax periods cannot be deducted.

Companies that are not included in Group A and companies that only practiced an operation or a single act of commercial or industrial nature will be taxed within the rules of Group B. Companies in Group B that have organized accountancy may deduct from the taxable income (which is determined by the accountancy) the expenses determined above in Group A.

However, companies that do not have organized accountancy cannot deduct from the taxable income (which in this case is determined by the volume of sales and services provided) any expenses, and are subject to a reduced tax rate over its turnover.

Industrial Tax Rates

The Industrial Tax rate is 30 per cent, subject to a reduced rate of 15 per cent for exclusively agricultural, forestry, and livestock activities. Taxpayers from Group B that have organized accountancy are subject to a lower tax income rate of 6.5 per cent over its turnover.

The rates mentioned above may be reduced for companies with private investment projects properly authorized by a public entity as defined in the existing legislation.

In 2014, payments for management and technical assistance services remained subject to a withholding at a 3.5 per cent or 5.25 per cent tax rate (depending on whether the service is related to immovable property or not). As of January 2015, a fixed withholding Industrial Tax rate amounting to 6.5 per cent applies to non-resident entities providing services to Angolan-based entities.

Administration

Accounting and tax periods in Angola correspond to the calendar year. The Industrial Tax return (*Modelo 1*) must be submitted by taxpayers in Group A by 31 May and by 30 April for taxpayers in Group B. Along with the tax return, businesses also must submit the required financial statements.

Furthermore, Industrial Tax is due when submitting the tax return and on the same deadline. Provisional Industrial Tax of two per cent of the previous month's turnover is due until the end of August (Group A) and July (Group B).

Taxes are paid in tax offices through a tax assessment document (DLI). Upon payment, the taxpayer will be provided with a revenue collection document (DAR) that serves as proof of payment.

Non-Resident Taxpayers with Permanent Establishment

A non-resident company in Angola that carries on its economic activity in Angola through a branch, agency, or any other form of permanent establishment is subject to taxation in Angola in Group A in respect of profits attributable to the permanent establishment, and in respect of profits made by the parent company (not resident in Angola) on the sale in Angola of goods similar to those sold by the permanent establishment and profits on other activities carried out in Angola in economic activity similar to that carried on by the permanent establishment.

In determining the profit attributable to a permanent establishment in Angola, only those costs incurred by the permanent establishment in Angola may be

deducted. According to Angolan law, 'permanent establishment' means a fixed place through which the company carries on the whole or part of its business, comprising a place of management, a branch, an office, a factory, a workshop, a mine, an oil or gas well, a quarry, or any other place of extraction of natural resources.

The term 'permanent establishment' further comprises an establishment for construction or assembly or inspection activities carried on there, but only when such place or activities last longer than 90 days in any 12-month period, and for provision of services, including consultancy services by a company acting through employees or other personnel engaged by it for the purpose, but only where such activities are undertaken in Angola during one or more periods totalling more than 90 days in any 12-month period.

It also is considered that a permanent establishment exists when a person (other than an independent agent) acts in Angola for a company with usual powers for the conclusion of agreements on behalf of the company and, even when it does not have such powers, it usually keeps in Angola a stock of goods for delivery on behalf of the company.

It is not considered that a company has a permanent establishment in Angola merely because it carries on business through a broker, general commission agent, or any other agent of independent status, where such persons are acting in the ordinary course of their business.

However, even independent agents can be considered permanent establishments in Angola if their activities are exercised exclusively or almost exclusively on behalf of a single company. Insurance companies (except in the matter of reinsurance) are deemed to have a permanent establishment in Angola when they act through a person who receives premiums or insures risks in Angola (provided the person is not an independent agent).

The recent Angolan Tax Reform introduced branch profit taxation to permanent establishments of non-resident entities in Angola at a 10 per cent tax rate. However, if the profit was obtained from shares admitted to trading on a regulated market a reduced tax rate of five per cent is applied during the five years after the Income Tax Code enters into force.

Non-Resident Taxpayers without Permanent Establishment

Non-resident taxpayers without a permanent establishment in Angola may be subject to three different taxes in Angola, depending on the type of income that is earned (Investment Income Tax, employment income, or income from an Angolan source arising from construction work, and provision of technical services, management services, and others of a similar nature).

It should also be noted that, since January 2015, a new fixed withholding Industrial Tax rate of 6.5 per cent is applied to non-resident entities providing services to Angolan-based entities.

Employment Income Tax

Who Is Taxed

Irrespective of nationality or tax residence status, individuals are liable to earn income tax on employment and independent service income from sources (paid for or borne) in Angola.

Therefore, both resident nationals and foreign expatriates deriving Angolan-source income from dependent personal services (including members of statutory bodies of resident companies and owners of unincorporated firms) or listed independent professional services, as well as independent services not subject to other tax, are subject to the earned income tax.

The term 'Angolan-source income' comprises salaries and wages paid by or on behalf of an Angolan employer (including earnings of crew members on a ship or aircraft owned by an Angolan company and remuneration of members of statutory bodies in Angolan-based companies) and professional fees paid by or on behalf of an Angolan entity.

The term 'listed professional services' includes independent scientific, artistic, or technical activities of architects, engineers, and similar technicians; artists; sportsmen, journalists, and reporters; accountants, tax consultants, and similar professionals; physicians, dentists, veterinary surgeons, psychologists, parapsychologists, astrologists, psychoanalysts, sociologists, paramedical technicians, chemical analysts, lawyers, solicitors and legal advisers, as well as others such as teachers, professors and lecturers, computer analysts and programmers, publishers of self-created works, property valuers, translators, interpreters, official forwarding agents, and property administrators.

As a general rule, it is considered resident in Angola one who disposes, at 31 December of each year, of a habitation such as to suggest that the taxpayer intends to occupy it as his habitual residence or who, each year, remains in Angola more than 183 days consecutive or interpolated.

However, Angolan taxpayers are taxed, regardless of their residence, by work-related income derived from services provided to natural or legal persons which possess their domicile, headquarters, effective management, or permanent establishment in Angola (typically activities paid by Angolan entities).

Exemptions and Deductions

Excluded from taxable income in particular are social benefits, such as for death, injury, and redundancy payments, and Social Security contributions; holiday and Christmas bonuses; representation allowance; home-rent allowance up to a maximum of 50 per cent of the value of the lease; and travel costs up to the limit stipulated for civil servants.

Exempt from Employment Income Tax are income of staff in the service of international missions and non-governmental organizations, and income below

AOA 25,000. Military and paramilitary citizens are exempt regarding military services income. Former combatants, war disabled people, and relatives of deceased combatants are excluded from taxation. The general maximum income exemption is AOA 34,450.

In determining the taxable income of self-employed taxpayers subject to the organized accounting mechanism (such as architects, engineers, economists, musicians, journalists, lawyers, and doctors), expenses such as consumption of water and electricity, telephone, insurance covering the activity, and rent of the house may be deducted. In addition to the organized accounting scheme, there is, for these taxpayers, a simplified scheme that considers as expenses 30 per cent of the taxpayer's gross income.

What Is Taxed

Taxable income for earned income tax purposes comprises remuneration paid or payable in cash or in kind to an individual in the form of regular or incidental wages, salaries (including amounts registered as remuneration by owners of unincorporated firms), bonuses, perquisites, entertainment and travel allowances exceeding the limits for civil servants, subsidies, rewards, and directors' fees, in respect of dependent or independent services, irrespective of the source, place, currency, and manner of calculation and payment.

Taxation of work-related income is now separated by Groups, depending on the nature of the income. The income of employees from both public and private sectors is framed in Group A. Self-employed and management activities are taxed according to the rules of Group B. Finally, income from industrial and commercial activities which are in the 'minimum income list' are included in Group C.

Income from independent personal services derived by listed professionals referred to here is subject to earned income tax. As a rule, income from independent services is computed by the direct method, based on the taxpayer's accounting records or purchase and sales books stamped by the local tax office. If the application of the direct method is not possible, the local tax office may compute a taxpayer's deemed minimum income on the basis of circumstantial evidence or information available (indirect method).

Under the direct method, the taxable base is computed by deducting essential and substantiated income-generating expenses. The tax administration uses an indirect method to calculate the taxpayer's deemed income if it is impossible to quantify directly and with accuracy taxable income (if there are no accounting records or statutory books or major irregularities or anomalies in such records or books) or where the taxpayer has not filed the prescribed earned income tax return.

Tax must be computed and paid by independent professionals by reference to the declared income as shown in their earned income tax return. They also may credit the tax withheld by public and private legal entity payers. The taxable

base for employment income is the amount by which total remuneration received in cash or in kind on a monthly basis, after deduction of compulsory social security contributions, exceeds the monthly tax-free sum. The tax assessment is made by the employer by means of a monthly withholding of earned income tax.

Employment Income Tax Rate

Earned income tax is withheld monthly by the employer or payer from salaries, wages, and directors' fees at progressive rates up to 17 per cent (the so-called dependent professionals). Income from listed independent professions or vocations and remuneration for artistic, sporting, technical, or scientific work is subject to earned income tax at the rate of 15 per cent.

Finally, the income obtained by entities inserted in Group C, from industrial and commercial activities, is taxed at a 30 per cent rate when determined by the 'minimum income list' rules or at a 6.5 per cent rate in other situations. Fees paid to independent professionals by public or private legal entities also are subject to withholding tax that is creditable against the final tax liability.

Deductions from Tax Assessment

The taxable base of Group A is determined by deducting compulsory social security contributions and/or by deducting the exempt income from the global income.

The taxable base of Group B is computed by deducting amounts of the employees' compulsory social security contributions and by deducting essential and substantiated income-generating expenses, including:

- Professional practice-related rent and depreciation allowances;
- Salaries paid to a maximum of three permanent employees and workers;
- Telephone, water, gas, and electricity expenses; and
- Professional activity-related insurance premiums.

Taxpayers who do not keep standard accounting records may deduct an amount equal to 30 per cent of their gross income.

Administration

The tax year for individuals corresponds to the calendar year. Until the end of February of each year, the entities responsible for the tax deliver must submit a tax return — *Modelo 1* — with the amounts paid and the identification of the beneficiary to whom those amounts were paid.

Furthermore, taxpayers included in Group A are required to pay the tax due until the end of the month which follows the tax return delivery day, whereas employees are subject to final withholding tax, which will be paid by the

employer in the relevant tax office until the end of the month following that to which the tax relates. Taxes are paid in the tax offices through a tax assessment document. Upon payment, the taxpayer will be provided with a revenue collection document (DAR) that serves as proof of payment.

Social Security Contributions

The social security system is regulated by Decree Number 38/08. Social Security Contributions are mandatory for resident employees and their families. Contributions are payable monthly by employers and employees to the National Social Security Institute.

Social security contributions are calculated on the monthly salary and the additional remuneration of employees, provided that they are paid in cash. Additional remuneration of employees subject to social contribution includes:

- Remuneration in respect of work performed regularly;
- Severance payments; and
- Participation in the company's profit.

The applicable rate for employees is three per cent. The employer must withhold the contribution due by his employees and remit it to the social security authorities.

Consumption Tax

There is no value-added tax (VAT) or sales tax as such in Angola. The Consumption Tax is a combination of a single-stage sales tax and excise duty that is levied on the supply of goods and certain services in Angola by a taxable person and on the importation of goods under the Consumption Tax Regulations.³

Who Is Taxed

The law lists those deemed to be taxable persons, as follows:

- An individual or entity producing and/or manufacturing goods (whatever the means or processes used);
- An individual or entity buying or selling goods by public auction;
- An individual or entity importing goods;
- An individual or entity providing energy, water, or energy services; and
- An individual or entity providing any of the services listed as subject to tax.

³ Decree Number 3-A/14 of 21 October 2014.

What Is Taxed

Consumption Tax liability is incurred on the following transactions:

- Production of goods and merchandise (other than unprocessed products from agriculture, livestock, fisheries, mining, and primary woodland products);
- Import of goods and merchandise, irrespective of their origin, when the production process ends in Angola;
- Auction or sale of goods and merchandise by customs or any other government services;
- Use of exempted goods or raw materials outside the production process;
- Supply of water, energy, and telecommunication services and supply of hotel service facilities or similar facilities;
- Rental of parking spaces;
- Rental of machines or other equipment, as well as the work of physical goods, excluding the rental of machines and other equipment subject to royalty payments under the terms of the Investment Income Tax Code;
- Rental of areas prepared for conferences, exhibits, advertising, and other events;
- Consultancy services, including legal, tax, financial, accounting, computer, engineering, architecture, and real estate consultancy, as well as audit, account revision, and legal services;
- Photographic services, including website designing;
- Private security services;
- Tourist services;
- Canteens, sleeping spaces, and immovable property management services;
- Access to cultural, artistic, or sports events; and
- Maritime and aerial cargo and passenger transportation services, except when taking place exclusively within Angola.

Only supplies and imports of goods and services within Angola are liable to Consumption Tax.

Taxable Amount

With respect to domestically produced goods, Consumption Tax is chargeable by reference to the direct production cost. With respect to imported goods, Consumption Tax is chargeable by reference to the customs value of such goods (i.e., as increased by the relevant import duties and charges and incidental expenses), excluding the Consumption Tax itself.

With respect to public auctions or sales, Consumption Tax is chargeable by reference to the total consideration received. With respect to the provision of services, Consumption Tax is chargeable on the price paid for those services.

Exemptions and Deductions

Unprocessed agricultural and livestock products, primary forestry products, unprocessed fishery products, and unprocessed mineral products are not taxable.

Exempt from Consumption Tax are goods exported by the producer (resident in Angola); goods imported by diplomatic representations (provided there is reciprocity) and international organizations; raw materials, capital goods, and spare parts used in the manufacturing process in Angola; breeding animals; hand-crafted goods; and the provision of several services acquired by oil companies, established in the licensed area and at the research or development phase (i.e., in the first commercial production phase).

Consumption Tax Rates

The tax is liquidated by the producer at the time of the invoice processing or by the tax services at the time of the payment, and the general rate of Consumption Tax is 10 per cent. However, the goods and services provided for in Tables I, II, and III appended to the Consumption Tax Regulation are taxed at special rates:

- Goods listed in Table I are taxed at the reduced rate of two per cent (particularly basic perishable foodstuffs, and medicines);
- Goods listed in Table II (imported goods and domestic production) are taxed at a rate ranging from 20 per cent to 30 per cent (particularly, alcoholic beverages, tobacco, diamonds, gold, and silver); and
- Services listed in Table III may be taxed at a rate of five per cent (consumption of water and energy) or 10 per cent (hotel services and tourism).

Investment Income Tax

In General

The investment income tax (*imposto sobre a aplicação de capitais*) is levied by means of withholding tax on domestic dividends, interest on shareholders' loans and royalties, and by means of assessment in respect of interest.

The investment income tax withheld is in general creditable against the final Industrial Tax liability, with few exceptions.

Who is Taxed

Investment Income Tax is owed on interest 'produced in Angola' or that is assigned to a person (natural or corporate) having residence, effective management, or permanent establishment in Angola.

The source of income must have a connection with Angola (paid by a person with residence or effective management in Angola, made available through a

permanent establishment in Angola, being received by a person having residence or effective management in Angola, or being attributed to a permanent establishment in Angola), or any other income derived from the investment of capital not included in Section A. This tax is levied on income derived from the 'simple investment of capital'. These earnings are divided into two categories:

- Section A — Interest on capital loaned, regardless of the nature of the loan and interest resulting from the deferral over time of an instalment or from late payment, at a rate of 15 per cent;⁴ and
- Section B — In particular, interest on bonds, capital gains, compensation for the suspension of activities, interest income earned from treasury bills and bonds, and interest on central bank securities, if the maturity is equal to or greater than three years, at a rate of five per cent;⁵ interest and the balance of interest on current accounts, game-of-chance prizes whatever their provenance, and any other income on investment of capital not included in Section A are subject to a 15 per cent tax rate, and the rest of the income included in Section B (as dividends,⁶ capital gains,⁷ and royalties) is subject to a 10 per cent tax rate.⁸

As a general rule, the entity responsible for the settlement of the tax due is the paying entity, through a withholding tax method. Nevertheless, in the cases in which the income paying entity is a non-resident, the settlement of the tax due is transferred to the beneficiary (Angolan resident) of the income.

4 Exempt are interest on credit sales by trade persons; default interest on payments by trade persons; interest on loans against life insurance policies (made by insurers); and interest on financial products directed at promoting savings (approved in advance by the Ministry of Finance).

5 The reduced rate is only applicable in the next five years after the date of entry into force of the new Investment Income Tax Code in December 2014. After that period, the general tax rate of 10 per cent will be applied.

6 Payment of dividends is subject to investment income tax withholding at a 10 per cent tax rate. If dividends are paid regarding shares admitted to negotiation in a regulated market, a reduced tax rate of five per cent is applied. Dividends paid to resident companies in respect of a minimum participation of 25 per cent held for more than one year are exempt from withholding tax.

7 Capital gains are subject to a 10 per cent tax rate for investment income tax purposes. A 50 per cent taxable basis exclusion is allowed in certain situations. Therefore, in these cases, the effective tax rate is five per cent.

8 Dividends distributed by an entity having its registered office/effective management in Angola to a corporate or equivalent person having its registered office in Angola that has a holding of not less than 25 per cent for a period exceeding one year prior to the distribution of profits ('participation exemption'); interest in financial instruments that encourage savings; and interest on housing-savings accounts are exempt.

Property Tax

The Property Tax is a mix of income tax and wealth tax. This tax is due by both natural and corporate persons, resident or non-resident in Angola, provided they are entitled to urban property rents, or on their possession if the properties are not rented.

In the case of rented buildings, the tax is levied on the annual amount of the rent, expressed in local currency (less the percentage allowed for maintenance and repair expenses incurred by the landlord). In the case of properties not rented, the tax is levied on the asset value or on the value stated in the property tax records. The income of urban property rents taxed under Property Tax is not subject to Business Income Tax.

Exemptions and Deductions

The State, public institutions, and associations that enjoy the status of public utility; foreign states regarding buildings assigned to their diplomatic or consular representations (where there is reciprocity); and legalized religious institutions in respect of properties and intended exclusively for worship are exempted from Property Tax.

Residential properties (rented or otherwise) recently built, enlarged, or improved may benefit from an exemption of the Property Tax for five to 15 years, depending on the province in which the properties are located. In the case of rented properties, maintenance costs, including expenses associated with employees, cleaning, central air-conditioning, condominium management, and insurance premiums, should be deducted from the taxable income, it being assumed that costs amount to a total of 40 per cent of the annual value of the rent received.

Property Tax Rates

Real estate owners are subject to tax at a 0.5 per cent rate over the tax value of the immovable property, as determined by law. In the case of rented real estate, a 15 per cent effective tax rate applies on the rental income.

Property Transfer Tax

Property Transfer Tax is a tax on transfers of real estate situated in Angola and must be paid by the purchaser. The tax is levied on the declared value or, if greater, 30 times the amount in the tax records or, if it has been valued, the amount of the valuation.

Property Transfer Tax also is levied in other cases, such as leases for 20 or more years; mere promise of sale with delivery of the thing; transfer of concessions made by the Government; or the acquisition of shares in any type of companies regulated by the Angolan commercial or civil law, when due to the acquisition one comes to hold 50 per cent or more of the share capital of the company concerned. The Property Transfer Tax rate is two per cent.

Stamp Duty

Subject to Stamp Duty are all acts, agreements, documents, securities, books, papers, transactions, and other facts set out in the table appended to the Stamp Duty Code, namely:

- Share capital increases of existing entities or to pay up the company's share capital (at the rate of 0.1 per cent);
- Guarantees of obligations (variable rate between 0.1 per cent and 0.3 per cent, depending on the life of the guarantee, of the value);
- Financing operations (variable rate between 0.1 per cent and one per cent, depending on their life, of the value);
- Acquisition of ownership of real estate (at a rate of 0.3 per cent);
- Finance leases (at the rate variable between 0.3 per cent and 0.4 per cent of the amount of the consideration);
- Credit securities (at the rate variable between 0.1 per cent and one per cent of the value);
- Sub-leases and sub-concessions (at the rate of 0.2 per cent of the value);
- Insurance (variable rate between 0.1 per cent and 0.4 per cent, depending on the type of insurance);
- Rentals (at the rate variable between 0,1 per cent and 0,4 per cent depending on the purpose of the rental);
- Customs operations (variable rate between 0.5 per cent and one per cent, depending on the goods);
- An agreement not specifically provided for in the table (AOA 1.000); and
- Receipts for the actual receipt of credits (at the rate of one per cent).

Exemptions and Deductions

Exempt are public institutions and social security institutions, public utility associations, and religious institutions.

Also exempt are certain types of credit operations related with consumption and savings incentives and certain types of insurance-contract premiums.

Gift and Inheritance Tax

Gifts and inheritances that operate the gratuitous transfer of property are subject to tax at a maximum tax rate of 30 per cent.

Tax Incentives for Private Investment

Special Economic Zones

The Luanda-Bengo Special Economic Zone (SEZ) was created in 2009 to encourage Angolan entrepreneurship and competitiveness. The Luanda-Bengo

SEZ is a physically demarcated economic space endowed with physical, economic, and administrative infrastructures adequate for the purposes, and it has a special tax status. This SEZ comprises three development pillars, to wit:

- Trade and services;
- Manufacturing; and
- Agro-livestock industry.

Public collective bodies, commercial companies, and consortia may submit proposals for implementation of industrial units in the Luanda-Bengo SEZ, regardless of their domicile. If the promoter is foreign, the presentation of the investment project is referred to the National Private Investment Agency, and the provisions of the Private Investment Act are applied.

For the purposes of the SEZ legislation, industrial units are physical structures set up in the Luanda-Bengo SEZ to pursue industrial and commercial activities involving trade and services, manufacturing, and agro-livestock. Implementation of these industrial units is subject to the conclusion of an operating agreement between the investor and the SEZ management entity. In this agreement, the tax and customs incentives granted to the proposal in question are negotiated and fixed.

For approval of the business proposal and consequent acquisition of the right of access to the SEZ, fees are payable in the amount of one per cent of the value of the proposal in question. If the proposal is approved, the promoter of the investment also is required to pay a monthly fee in return for the use of infrastructure and services available in the SEZ.

The tax and customs incentives for the installation of industrial facilities in the SEZ are those provided for in the mechanism to encourage Angolan business and will be set out in the investment agreement. Other tax benefits are applicable to the mining, petroleum, and industrial sectors, services, and other economic activities, if applicable to the economic activity in question and if so negotiated in the investment agreement.

Micro, Small, and Medium - sized Angolan Enterprises

Micro-enterprises are considered those that employ up to 10 people and/or that have an annual turnover not exceeding US \$250,000; those considered small enterprises employ more than 10 and up to 100 employees and/or have a gross annual turnover exceeding US \$250,000 and equal to or less than US \$3-million; and medium-sized enterprises are those employing more than 100 and up to 200 people and/or have a gross annual turnover equal to or greater than US \$3-million and not exceeding US \$10-million.

Entities engaged in financial-sector activity are excluded from this mechanism. Apart from a mechanism of simplification of administrative procedures and formalities, these companies may benefit from tax incentives.

Reductions of Industrial Tax rates are provided for, which vary according to the location of the company.

Thus, firms located in Zone A (provinces of Bengo, Cabinda, Cuando Cubango, Cunene, Kwanza Malanje, Namibe, Norte, Uige, and Zaire) benefit from reductions during the first five years; companies located in Zone B (provinces Kwanza-Sul, Huambo, and Bie) benefit from reductions during the first three years; and businesses located in Zone C (province of Benguela, except the cities of Lobito and Benguela, and province of Huila, except the city of Lubango) and D (province of Luanda and the municipalities of Benguela, Lobito, and Lubango) benefit from reductions in the first two years.

Micro-enterprises, regardless of their location, are subject to special tax on account levied at the rate of two per cent on gross sales. This tax is calculated monthly and delivered by the 10th day of the following month. Small and medium enterprises benefit from reductions depending on their location. There is a 50 per cent reduction for those located in Zone A; 35 per cent reduction for those located in Zone B; 20 per cent reduction for those located in Zone C; and 10 per cent reduction for those located in Zone D.

Patronage Law

There is a system in Angola conducive to investment in the promotion and development of social, cultural, and economic life in Angola that covers tax benefits granted to sponsors and the support granted or received by the State and its public associations, as well as the support received by public or private corporate persons considered apt to receive sponsorship.

The results obtained by non-profit entities of recognized public utility derived from cultural, sporting, social solidarity, environmental, youth, health, scientific, or technological activities are exempt from all taxes. Subject to some conditions, certain types of expenditure with donations granted to projects or activities of public or private entities that promote or develop social, cultural, and economic life in Angola also might be considered costs for tax purposes.

Customs Regulations

Customs Procedures

Crossborder transactions involving goods are subject to payment of customs dues, Stamp Duty, Consumption Tax, and general customs emoluments. The entity responsible for the supervision of customs activities is the National Directorate of Customs (*Direcção Nacional de Alfândegas*). Other entities involved in foreign and internal trade oversight are the Ministry of Commerce and the Ministry of the Interior; the Tax Police (*Policia Fiscal*), the Economic Police (*Policia Económica*), and the National Directorate of Criminal Investigation (*Direcção Nacional de Investigação Criminal*); the Ministry of

Health, the Ministry of Agriculture, the Ministry of Foreign Affairs, the Ministry of Industry, the Ministry of Petroleum, and the Ministry of Transport; and the National Council of Shippers and Administration of Ports and Airports (*Conselho Nacional de Carregadores e Administração dos Portos e Aeroportos*).

All importers must have a tax identification number issued by the National Directorate of Taxes (*Direcção Nacional dos Impostos*). The number also is the importer's code to be used in crossborder import and export activities and must appear in the Single Document (*Documento Único*), which aims to simplify customs procedures and reduce red tape and the time of customs clearance of goods.

Economic operators also should license themselves as exporting and importing entities at the Ministry of Commerce. For all intents and purposes, the law enables both natural and corporate persons to undertake import and export operations. If all procedures are complied with, the customs system will carry out customs clearance of goods within 48 hours.

Even though the law allows the import of any goods, the import of imitation coffee with the designation of coffee, medicines, and foodstuffs harmful to public health, as well as right-hand drive vehicles are prohibited on moral grounds or for a need to protect human life. Certain goods may be subject to special authorization.

Angola has been part of the WTO since 23 November 1996. Its custom regulations follow the Customs Tariff (*Pauta Aduaneira*) recently approved by Presidential Decree-Law Number 10/13 of 22 November 2013. Decree Number 41/06 of 17 July 2006 enacted the Pre-Shipment Regulation (*Regulamento de Inspeção Pré-Embarque*, REGIPE). Seeking to simplify and modernize customs procedures, this mechanism establishes the obligation of pre-shipment inspection only for certain goods, while economic operators may have recourse, or not, to this inspection in other cases. However, when the authorities so decide, local inspection of goods imported into Angola may be ordered. Angola is party to several trade agreements, including:

- The Preferential Tariff Treatment for Exports to China;
- The Southern Africa Development Community Trade Protocol; and
- The Economic Partnership Agreement between the European Union (EU) and African, Caribbean, and Pacific countries.

Angola has ratified the Bamako Convention on the Ban of the Import of Hazardous Waste and the Control of Crossborder Movement of Such Wastes in Africa, and Angola took part in the 1992 Rio de Janeiro Declaration on Environment and Development. Angola also is part of the Generalized Scheme of Preferences that offers developing countries a reduction of Customs Duties for some of its products entering the European market. For the purposes of this trade agreement, Angola is considered a developing country.

The oil industry has a specific customs procedure enacted by Law Number 11/04 of 12 November. It determines that all entities that join the National Concessionaire will be exempt from Customs Duties on the import and export of goods, provided they are exclusively engaged in oil operations and the goods are included in the list appended to the Law. Imports and exports into and from Angola are subject to control mechanisms that ensure compliance by the economic agents with the obligations provided for by law.

The rates of import duty and the Consumption Tax on goods imported under investment projects (approved under the Private Investment Act) are covered by a special mechanism that stipulates full exemption from Customs Duties in certain cases.

Stamp Duty is calculated by applying the rate of 0.5 per cent to the customs value of the goods, and the general customs emoluments by applying the rate of two per cent to the customs value of the goods included in each import clearance.

Customs Duties

In General

All goods imported and exported from Angola are subject to Customs Duties (save rare sectorial exceptions), the taxation varying depending on the origin and the conditions of import and export.

Exemptions and Deductions

Tax benefits granted to the import or export of goods may constitute a total or partial exemption from Customs Duties and other customs charges. Temporary-import goods that are immediately exported are exempt from Customs Duties. Aircraft or any other means of transport or equipment temporarily imported for commercial use under a rental agreement or finance lease do not benefit from this exemption.

Re-imports of goods that have not been subject to any actual benefit are exempt from Customs Duties (but are subject to general customs emoluments), as are certain construction materials and machinery used in the construction of social housing. There also are some sectorial exemptions, particularly in relation to the mining industry.

Customs Duties Rates

The maximum rate is 50 per cent and the minimum rate is two per cent (this reduced rate is only applied to a very limited number of products). As an example, the maximum rate of 50 per cent is applied to the import of alcoholic beverages and liquids, tobacco and manufactured tobacco substitutes, luxury cars, clocks and watches, jewels and other gold and silver articles, and perfumery products.

With the aim of reducing the dumping margin, additional levies may be applied to certain imported goods. In addition to these duties, Consumption Tax and Stamp Duty may be due on imports or exports of goods or merchandise in transit through Angola.

Currency Exchange Regulation

Currency Exchange Operations

Angolan law, primarily the Currency Exchange Law (*Lei Cambial*),⁹ regulates commercial and financial operations that may influence the balance of payments, i.e., currency exchange operations. Currency exchange operations are mainly the opening of bank accounts and account operations by non-residents, regardless of the currency, capital operations, and the so-called current invisible operations (*Operações Invisíveis Correntes*).

In this regard, the National Bank of Angola assumes a key role, as it is the authority that holds the power relating to the authorization and supervision of currency exchange operations. It also is relevant to determine whether individuals or corporate entities involved in an operation are resident or non-resident in Angola for currency exchange purposes.

Direct Import and Export of Currency by Non-Residents

Currency may be imported directly into Angola by individuals in cash. Non-residents may only import up to the equivalent of US \$10,000 in cash. If the amount imported exceeds this limit, the import operation should be reported to Customs upon arrival in Angola.

Currency exports by non-residents, in cash, also are allowed, as long as the sum does not exceed the above-mentioned amount. Non-residents must, however, justify the origin of that amount and documentation regarding the alleged facts that may be requested. When the currency import or export is not in cash, it should be carried out through a bank authorized to operate in Angola, within certain requirements.

Capital Operations

Current capital operations include the execution of contracts or legal acts, such as the subscription or purchase and sale of government bonds, bonds and shares issued by private entities or other similar securities, and shares in the short, medium, and long term. Equally considered to be a capital operation is a credit transfer operation between Angola and a foreign country and, in particular, those undertaken for the purposes or resulting from those transactions.

⁹ Law Number 5/97 of 27 June 1997, amended by Decree Number 21/01 of 6 April 2001.

Capital operations are subject to the approval of the National Bank of Angola, which may delegate its powers to Angolan financial entities authorized to trade in foreign currencies. Operations carried out by non-residents should be preceded by a request submitted to an Angolan banking institution (which will, in turn, forward a request to the National Bank of Angola) by a local representative in Angola, with necessary powers and documents. If deemed necessary, the National Bank of Angola may request further information before approving the operation.

The authorization is issued through an administrative license that is generally valid for a period of 180 days, during which the operation should be completed. A longer period may be granted provided that the nature and characteristics of the operation justify this situation.

In the case of import, the next step is the exchange liquidation operation, which involves importing and converting foreign currency. The authorization may cover several transfers within the same operation. If the capital transaction requires the signature of a contract, it should be signed during the validity period of the license to provide evidence that the exchange liquidation has occurred. The National Bank of Angola may authorize the deduction of commissions, disbursements, and other expenses from the imported capital.

Current Invisible Operations

Current invisible operations (*Operações Invisíveis Correntes*) are transactions, services, and wire transfers performed between Angola and a foreign territory or between Angolan residents and non-residents, provided that they relate to income generated from capital, i.e., income generated from dividends or other receivables from shares in a company and interest arising from private and public debt.

Current invisible transactions are subject to the authorization from the National Bank of Angola, which can delegate these powers to any Angolan financial institution authorized to trade in foreign currencies. The National Bank of Angola has the authority to exempt certain current invisible transactions, contracts, or acts that may result from those transactions.

The authorization for these operations should be preceded by an application submitted to an Angolan banking institution, together with the relevant information and evidence or by an application submitted directly to the National Bank of Angola regarding amounts superior to US \$300,000.

The National Bank of Angola is entitled to request complementary information. The authorization is issued through a license, usually valid for 90 days, during which the operation must be completed. A longer period may be granted, provided that the nature and characteristics of the operation justify this situation. The authorization includes wire transfers to be made under the relevant operation.

In the case of transfer of income generated from capital to be made abroad, the authorization only covers capital legally imported and applied in Angola or the

reapplication of capitals legally imported, notwithstanding the fulfillment of tax obligations.

The National Bank of Angola has delegated these powers to banking institutions that may authorize commercial current invisible transactions that do not exceed the equivalent of US \$300,000, provided that they originate from contracts up to the same amount. In this case, the banking institutions should analyze each application and keep an update record of the authorized operations, with due reports being provided to the National Bank of Angola.

Competition Law

There is no Competition Law in Angola.

Intellectual Property

In General

Intellectual property includes copyright and industrial property, and there is separate legislation for each of these branches, i.e., the Copyright Law¹⁰ and the Industrial Property Law.¹¹

Angola is a member of international conventions and agreements, including the World Intellectual Property Organization (WIPO), the WTO TRIPS Agreement, the Paris Convention for the Protection of Industrial Property, and the Patent Cooperation Treaty.

Industrial Property

The Industrial Property Law is intended to protect industrial property, which covers not only industry and commerce but also the agricultural and extractive industries and all natural or manufactured products. The Law contains provisions on the elimination of unfair competition and on industrial property rights related to the protection of innovations (patents, utility models, designs, and industrial models) and distinctive signs (trade marks, awards, trade names and symbols, and indications of origin).

Industrial property rights are exclusive and grant their holders the right to exploit (exclusively or not) certain immaterial goods for business purposes and oblige them to actually use the right. Angola has a registration system for industrial property rights, i.e., these rights are only acquired on registration. Registration is therefore particularly important in establishing priority, and the principle is that registration is granted to whoever applies first. Registrations are made at the Angolan Industrial Property Institute, and

10 Law Number 4/90 of 10 March 1990.

11 Law Number 3/92 of 28 February 1992.

annulment requires a court order. The duration of these rights varies in accordance with their type:

- Unlimited for awards and indications of origin;
- Fifteen years as of date of deposit for patents;
- Ten years as of date of deposit, which is successively extendable, for trade marks;
- Six years, which is extendable, for utility models;
- Five years, extendable up to a maximum of 15 years, for industrial models; and
- Twenty years, which is successively extendable, for trade names and symbols.

Acts entailing the transfer or license to exploit industrial property rights only take effect against third parties after being recorded at the Angolan Industrial Property Institute. Industrial property rights may be extinguished by becoming void or voidable or through expiry or renunciation.

Patents

In Angola, patents (or utility models) can be registered for any inventions, whether products or processes, in all areas of technology, provided that they meet all the following requirements:

- They are new;
- They involve inventive activity; and
- They have an industrial use.

The subject of a patent cannot include:

- Discoveries whose use is contrary to public order, public health, or morality or public safety;
- Designs devoid of any practical reality or that cannot be industrialized by mechanical, physical, or chemical means and scientific principles and discoveries;
- Financial plans or programs, credit operations, or game rules; and
- Food products, chemical and pharmaceutical products, and medicines for human or animal use, though devices or processes for their manufacture may be patented.

As a rule, the right to patents belongs to their inventors or any successors. Nonetheless, if an invention is made during an employment agreement in which the inventive activity is provided for or is the result of the nature of the work being done, the right to the patent belongs to the employer.

A person may be deprived of a patent in the public interest. Mandatory licenses to certain patents may be granted in the event of failure to exploit or insufficient exploitation of a patented invention or for reasons of public interest. A patentee may transfer a patent by deed and grant exploitation licenses in a contract.

Trade Marks

A trade mark is an appropriate sign demonstrating the corporate origin of a product or service. It may consist of a sign or set of visible nominative, figurative, or emblematic signs that distinguish the products or services of a company from others that are identical or similar.

Patronymic names, geographical names, arbitrary or fantasy names, monograms, emblems, figures, numbers, labels, color combinations or layouts, drawings, photographs, and stamps may be considered to be the trade mark of a factory, commerce, or service.

A series of identical or different trade marks of the same company or establishment may be included in the same registration, irrespective of whether products, prices, or quality are indicated. A trade mark requested by a person domiciled abroad may be registered as national, provided that its owner proves that it is related to his commercial, industrial, or professional activity lawfully performed in Angola of origin. Ownership of a trade mark can be transferred using the legal formalities required for the transfer of the goods of which it is an accessory.

The owner of a trademark may grant licenses to exploit it in a written agreement. The agreement must provide for effective control by the licensor of the quality of the licensee's products or services for which the trademark is licensed, on pain of nullity of the agreement.

Copyright

The purpose of Law Number 4/90 of 10 March 1990 is the protection of copyright, stimulation of the production of creative work in the areas of literature, art, and science, and the encouragement of their social use.

Copyright is a subjective right that entitles its owner to enjoy and use the work exclusively, wholly or in part, within the limits of the law. Intellectual creations in the field of literature, science, or art exteriorized in any way are considered works. The protection granted by the law is irrespective of any formality, genre, form of expression, content, merit, and purpose or mode of use of the works to which it applies.

This law covers all literary, artistic, and scientific works whose authors are Angolan nationals or permanent residents in Angola, which published for the first time in Angola, and whose authors are non-resident foreigners the works of which were created or published in accordance with international conventions

that Angola has signed, provided that there is reciprocity in the protection of works by Angolan authors in the other countries.

Copyright covers rights of ownership and personal rights, known as moral rights. Moral rights are inalienable and permanent. Rights of ownership may be totally or partially transferred by a written document stipulating the terms and limits of the transfer. Total transfer requires authorization from the office of the Secretary of State for Culture. An author also may give written permission for use of a work.

As a rule, copyright expires 50 years after the author's death or 25 years after for photographic works. After this, the work falls within the public domain, with the exception of protecting personal rights. Copyright generally belongs to the intellectual creator of the work. There are special frameworks, however. Copyright for a work created under an employment or service agreement or as part of a job belongs to the person who ordered its production. There also are special rules for multiple authorship, such as collaborative or collective works.

Violation of copyright may be considered a crime of usurpation, falsification, or plagiarism. A person using a literary, artistic, or scientific work without the author's permission or exceeding the limits of any permission is guilty of unlawful usurpation. Anyone claiming as his own, all or part, of another's literary or scientific work is guilty of falsification or plagiarism.

A person who fraudulently claims authorship of a work and fraudulently makes claims as to the authenticity or integrity of a work, thereby denigrating and possibly affecting the honor and reputation of the author or artist, is guilty of violating a moral right. These offences are punishable with a prison sentence and fine, while negligence is punished with a fine.

Employment Law

Employment Relationships

Angolan employment legislation is based on the assumption and idea of inequality of the parties in the employment relationship. As a result, this legislation, and particularly the General Employment Law,¹² includes a substantial number of principles and obligations that limit the parties' freedom when establishing the terms and conditions of each employment relationship.

Nonetheless, thanks to a general revision of the legislation in 2000, Angolan employment laws now contain many solutions for allowing companies and entrepreneurs to engage in planned, efficient management of their human resources, though naturally without jeopardizing the rights of the worker, which, these days, are consensually recognized in any company with a minimum of social concerns.

¹² Law Number 2/00 of 11 February 2000.

Employment Contracts

As a rule, employment contracts are not required to be in writing. They are classified, with regard to duration, as permanent or fixed-term contracts. The latter are only permitted in certain specific situations that are expressly and exhaustively prescribed by law, as a means of dealing with temporary needs from companies for the amount of time strictly necessary to meet such needs.

Working Time

Angolan employment legislation sets general limits of 44 hours a week and eight hours a day, although there are some exceptions allowing room for maneuver in managing working hours, such as the possibility of extending the weekly period to 54 hours (in case of work in shifts or a modulated or varied work schedule or if work is intermittent or in case of mere presence) and prolonging daily hours to 10 (in the same cases, with the exception of shift work).

As a rule, breaks must last one to two hours and workers cannot work more than five hours in a row. Overtime is generally limited to two hours per normal workday, 40 hours a month, and 200 hours a year, although there are exceptions, such as cases of *force majeure* or natural disasters, where these limits can be exceeded. Overtime is paid time and a half or three-quarters if the worker exceeds 30 hours' overtime a month. This must be recorded to allow the regulatory authority to ascertain the applicable rules.

Some workers are allowed to have no fixed work schedule (those in management and supervisory jobs and positions of trust and employees not working in a fixed location), though they must have a weekly rest period and additional remuneration established by collective bargaining or equivalent to one hour's overtime pay.

Payment

Under employment legislation, a worker's pay comprises a basic wage and all other direct or indirect payments and complements in cash or in kind, however they may be calculated. Salaries may be fixed, variable, or mixed, depending on whether they are paid on the basis of time worked, the result of work in a particular period of time, or both. Variable salaries may be for piecework, i.e., the result without considering the time spent, or per task, in other words, considering the time for a certain amount of production.

All workers are entitled to holiday and Christmas bonuses of 50 per cent of their base salary for the holiday period and the month of December. Except in rare cases, the following amounts are not viewed as payment and, as such, may cease to be paid once the situation that allowed such payment ceases to exist or when the employer so decides:

- Overtime pay;
- Additional amounts paid as compensations or reimbursement of expenses;

- Gratuitous payments and bonuses, provided that they were individually attributed; and
- Amounts paid to the worker as compensation or indemnity.

The employer is required to deduct state taxes and social security contributions from the salaries paid to its employees as well as any other amounts that result from a court decision against the worker or agreements entered into by the workers and confirmed by the court.

Holiday Leave, Bank Holidays, and Absences

Workers are entitled to a paid holiday leave corresponding to 22 business days in each calendar year. In the year that workers are hired and in the year the suspension ends, as well as for fixed-term contracts with duration of less than one year, the holiday entitlement is two business days for each full month worked.

The full compliance of the duty of attendance does not grant the right to any increase of the annual leave period; however, the absence from work may result in a loss of annual leave days, to a maximum of 12 days, annually. The selection of the annual leave period should be, if possible, agreed between the worker and the employer. If this is not possible, the employer decides when the employee will have his/her annual leave.

Absences are categorized as justified and non-justified. On one hand, justified absences are fully listed in the law and include circumstances related to the worker's family life (such as births, marriages, and deaths); the need to comply with legal or military obligations, or attend tests or training courses; sickness, accident, or having to provide urgent assistance to a family member; and the need to represent Angola or a company at cultural or sporting activities, as well as to perform trade union duties. Unjustified absences are defined by omission and always entail a loss of income and seniority and may provide grounds for disciplinary sanctions.

Disciplinary Power

One of the essential rights that employers have in the contract is the right to exercise disciplinary powers over their workers. Under Angolan law, employers may take the following measures:

- Reprimand (simple or recorded);
- Temporary demotion, with a reduction in pay (lasting 15 days to three months);
- Temporary transfer with demotion and reduction in pay (lasting one to six months); and
- Immediate dismissal.

With the exception of a reprimand, the worker has the right to be heard before any disciplinary measure. The decision may be appealed to the courts within 30

days after the notice stating the imposed measures. If the appeal court rules against the disciplinary measure imposed, the company is obliged to compensate the worker.

Employment Contract Termination

Angola respects the principle of job security, and dismissals not allowed by law are prohibited. As a result, the termination of an employment agreement may result from:

- Objective grounds outside the control of the parties;
- Voluntary decision of the parties; and
- Unilateral decision of either party, which may be contested by the other.

Objective causes determining the cessation of the employment agreement are the death or permanent disability of the worker or employer, the worker's retirement due to old age, the closure of the company or cessation of its business, insolvency, bankruptcy, or termination of the employer's legal personality, a prison sentence of more than one year to be served by the worker, and a fortuitous event or *force majeure* definitively preventing the provision or receipt of the work.

Termination of the agreement by voluntary decision of the parties may occur on expiry of a fixed-term contract, as a result of valid termination clauses in the agreement, or by mutual agreement between employer and worker. Unilateral termination may be decided upon by the employer or worker. The employer may terminate the agreement by individual or collective dismissal.

Individual dismissal may be with due cause or for objectively verifiable reasons, provided that, in either case, it is no longer possible to maintain the employment relationship. Dismissal with due cause must be preceded by a disciplinary procedure (as described in the previous chapter) demonstrating that the worker has committed a serious infraction that makes it impossible to maintain the agreement. The law gives examples of situations that can be considered due cause for dismissal.

Unilateral dismissal for objective reasons, which may only cover up to four workers, must be preceded by a procedure in which the reasons for dismissal are indicated and justified, the workers representatives are heard, and authorization is requested from representatives of the Ministry of Employment. The decision on which workers to dismiss abides by precedence criteria based on the workers' occupational qualifications, seniority and family circumstances.

Immigration

Types of Visas

In Angola, there are three main types of entry and permanent visas for work, business, and investment activities: ordinary visas, work visas, and privileged

visas. The criteria for granting these visas and the necessary documentation are subject to a periodic review.

The purpose of an ordinary visa is to enter Angola for family-related reasons or business prospecting. This type of visa may be obtained from the Angolan consulate abroad and must be used within 60 business days from the date of issuance, allowing for a stay of up to 30 days. They may be extended twice for equal periods at the Foreign Nationals and Migration Service in Angola. Ordinary visas do not allow the pursuit of any paid activity in Angola.

Work visas for non-resident foreign nationals (resident foreign nationals are entitled to a residence permit, usually issued five years after staying in Angola or in case they have family with Angolan nationality residing in Angola) may be obtained by those who meet the requirement established by law.

A foreign national who wishes to obtain a work visa must have an employment contract or a promissory employment contract, comply with legal sanitary obligations, and provide a 'repatriation guarantee' that consists of depositing the price of a return ticket to his country of origin in tradable currency. This visa allows multiple entries and permanence in Angola until the term of the employment contract. The Ministry responsible for the activity must issue a favorable declaration regarding the hiring.

Finally, privileged visas are aimed at allowing the entry and permanence of foreign nationals who intend to implement and execute investment proposals approved under the Private Investment Law. These visas also have different categories, according to the amount of the intended investment. Privileged visas allow multiple entries into Angola during this period for up to two years, and may be extended for equal periods. The foreigner who obtains this type of visa may subsequently apply for a residence permit.

Requirements for Grant of Visas

The grant of the visa depends on fulfillment of the following conditions by the applicant. He must:

- Hold a passport valid for more than six months;
- Have a travel ticket recognized and valid for Angola;
- Be the holder of the passport and be of legal age or have the express permission of the parents, legal guardian, or person exercising parental authority;
- Not be included in the national list of undesirable persons;
- Not constitute a danger to public order or national security interests; and
- Have complied with all the health requirements established by the Ministry of Health for entry into Angola.

Other conditions may apply depending on the desired visa. In some cases, it may be necessary for bond to be posted (by the employer) to guarantee possible repatriation of the worker and his family.

agreements must stipulate a fixed term, and its initial term or its term after renewals must be restricted to the period or sum of the periods between a minimum of three and a maximum of 36 months, after which time the worker must return home.

Agreements with Other Countries

Several agreements have been concluded between Angola and other states for the suppression or facilitation of visas. Of these the following are noteworthy: the agreement with member countries of the Community of Portuguese Speaking Countries (*Comunidade de Países de Língua Portuguesa*), i.e., Brazil, Cape Verde, Guinea-Bissau, Mozambique, Portugal, São Tome e Príncipe, and East Timor; with African countries, i.e., South Africa, Equatorial Guinea, and Namibia; with Asian countries, i.e., Russia, Korea, and Vietnam; and with other countries, such as Argentina and Spain.

Banking Law

Existing Financial Institutions

Financial institutions are governed by the Financial Institutions Law (*Lei das Instituições Financeiras*),¹⁴ which governs the process of establishment and the business of financial institutions, as well as the supervision and reorganization of financial institutions. Financial institutions may be banking or non-banking institutions. The latter is subdivided into three categories:

- Those related to currency and credit subject to the jurisdiction of the National Bank of Angola, such as exchange bureaus, factoring companies, finance lease companies, and payment service providers;
- Those related to insurance business and social security subject to the jurisdiction of the Insurance Supervision Institute of Angola (*Instituto de Supervisão de Seguros de Angola*), such as insurers and reinsurers, pension funds, and their management companies); and
- Those related to capital markets and investment within the jurisdiction of the Capital Market Commission (*Comissão de Mercado de Capitais*), such as securities brokerage, venture-capital companies, holding companies, investment funds, and securitization-fund management companies.

To carry on any of the activities governed by the Financial Institutions Law, the company will have to adopt one of the forms prescribed by law and obtain authorization to carry on the business from the respective regulator. The business of receiving from the public deposits or other repayable funds for their own use and of acting as an intermediary in the settlement of payment transactions may be carried on only by banking institutions.

¹⁴ Law Number 13/05 of 30 September 2005.

Power to Authorize Grant and Extension of Visas

Apart from the grant of the diplomatic, official, courtesy, transit, and short-stay visas, which are only subject to timely communication to the Migration and Foreigners Service, the granting of entry visas into Angola by the diplomatic and consular missions requires the prior authorization of the Migration and Foreigners Service.

The Director of the Migration and Foreigners Service is charged with extending the period of stay of the visa. The extension request must be substantiated, and the existence of the reasons that led to the grant of visa constitutes a fundamental requirement for granting the extension.

The Migration and Foreigners Services Directorate and its provincial bodies, by delegation of powers, are charged with extending privileged and work visas. Provincial bodies are forbidden to receive requests for extension of privileged visas of companies and work visas for citizens linked to companies whose registered office is not in their area of jurisdiction.

Foreign Workers

The Law on Foreigners¹³ enshrines the principle of equal rights, guarantees, and duties (excluding political rights) between Angolan and foreign nationals and immigrants living there. The rights that this law grants to foreigners include the right to work and freedom to join trade unions and professional associations.

Foreign workers are divided into residents and non-residents. Resident workers are subject to the same ordinary employment legislation as Angolan citizens, such as the General Employment Law. Non-resident foreign workers are subject to Decree Number 6/01 of 19 January 2001 and, in all matters not provided for therein, to the General Employment Law.

According to the legislation, non-resident foreign workers are those who do not reside in Angola, have vocational, technical, or scientific qualifications in areas in which Angola is not self-sufficient, and are hired in a foreign country to work in Angola for a fixed period of time.

These workers may enter into an employment agreement with private, public, or mixed companies, cooperatives and, in general, with individuals or corporate entities authorized to pursue their activities in Angola. In order to do so, they must meet some prerequisites, such as being adults with vocational, technical, or scientific qualifications, being in good physical and mental health proven by a medical certificate, and having no criminal record.

Non-resident foreigners' employment agreements must be in writing and contain a number of compulsory provisions, including the worker's commitment to return to his country of origin after the contract expires. In addition, these

¹³ Law Number 2/07 of 31 August 2007.

Type of Financial System

With the approval of the new Organic Law of the National Bank of Angola (*Lei Orgânica do Banco Nacional de Angola*) and the Foreign Exchange Law (*Lei Cambial*), both of 1997, the National Bank of Angola was endowed with greater responsibility and autonomy in monetary and foreign-exchange matters and delegated to the commercial banks and exchange houses powers to license and undertake a number of current invisible transactions in foreign currencies.

The Angolan financial market has been subjected to several measures involving modernization and adaptation to international financial standards. Of these, the following are noteworthy:

- Creation of Treasury Bonds and Treasury Bills, which, together with Central Bank Securities, are instruments used to finance the State in a non-inflationary manner and, at the same time, regulate the liquidity of the financial system through open-market transactions by the Central Bank;
- Creation of the Payments System and of the Interbank Services Company (*Sistema de Pagamentos e da Empresa Interbancária de Serviços*), the company responsible for the provision of electronic clearing services of transactions processed by the electronic payments network, and the entry into operation of the Real-Time Payment System (*Sistema de Pagamentos em Tempo Real*);
- Legislative stimulation of the money and foreign exchange markets conducted from 2003, governing transactions with Treasury Bills and Bonds, providing the banking market and the economy with more facilities in carrying out their operations; and
- Creation of a specific legal framework for non-banking financial institutions and creation of the Luanda Stock Exchange.

The National Bank of Angola continues its strategic mission to catalyze the development of Angola, ensuring preservation of the value of the national currency and establishing the application of a legal framework, along with organization, working, and supervision of the financial system allowing harmonious, balanced development of the Angolan capital market.

The National Bank of Angola is charged with the execution, monitoring, and control of the monetary, foreign-exchange, and credit policies, management of the payment system, and administration of the currency within the scope of Angola's economic policy, and it also is charged with implementing measures aimed at stabilizing the money and foreign-exchange markets and increasing inter-bank competitiveness.

Structure of Banking System

The Angolan banking system comprises several domestic-capital banking institutions and foreign-capital banks that have set up as banks under Angolan law.

Banking and non-banking financial institutions authorized to operate in Angola must be properly registered with the National Bank of Angola (the list of authorized banking financial institutions can be found on the National Bank of Angola's website on the Internet).

Possibility of Obtaining Bank Loans by Foreign Investors

A foreign investor may obtain credit from the Angolan banking system. However, because it is a foreign non-resident for the purposes of the Foreign Exchange Law, it is subject to the constraints and requirements of the Foreign Exchange Act and related regulations.

Dispute Resolution

Judicial System

Seeking to put a stop to proliferation of courts following the independence of Angola, Law Number 18/88 of 31 December enacted the Unified Justice System (*Sistema Unificado de Justiça*).

The Angolan system of justice is guided by principles of exclusivity of the jurisdiction of the courts in the administration of justice, independence of judges and people's advisers, publicity of discussion and trial hearings, ensuring equality of citizens before the courts, and subjection to imprisonment or trial only in those cases provided for by law and strictly in accordance therewith.

In turn, the adoption of the Constitution in 2010 imposed adjustment of the law governing the organization and working of the courts to the enshrined principles and model of judicial organization.

The Organic Law of the Supreme Court (*Lei Orgânica do Tribunal Supremo*)¹⁵ repealed various provisions and expressly enshrined the principles of independence, security of tenure, and non-liability of the judges. Along with the law, custom and usage are an important source of law in Angola and may constitute grounds for judicial decisions.

Organization and Rules of Jurisdiction

The organization and working of the Angolan judicial system are governed by the Constitution and by various other laws, such as the Unified Justice System,¹⁶ the Organic Law of the Office of the Attorney General (*Lei Orgânica da Procuradoria Geral da República*),¹⁷ the Statute of Judicial and Public Prosecution Magistrates (*Estatuto dos Magistrados Judiciais e do Ministério*

¹⁵ Law Number 13/11 of 18 March 2011.

¹⁶ Law Number 18/88 of 4 January 1988, amended by Law Number 13/11 of 18 March 2011 and Law Number 22-B/92 of 9 September 1992.

¹⁷ Law Number 22/12 of 14 August 2012.

Público),¹⁸ the Advocacy Law (*Lei da Advocacia*),¹⁹ the Legal Aid Law (*Lei da Assistência Judiciária*),²⁰ and laws on various jurisdictions (labor, administrative, juvenile, and maritime). The hierarchy of the organization of the courts is as follows:

- The Supreme Court, the highest court of the common jurisdiction, which exercises jurisdiction over the entire national territory (its bodies are the President, the Plenary, and four specialized Chambers); and
- The Provincial Courts, with jurisdiction in the territory of the respective province and divided into specialized sections (it should be noted that, within the context of tax reform, Customs fiscal courts were established).

The law also provides for the creation of Municipal Courts with jurisdiction over the entire territory of the municipality, having general civil and criminal competence, and competence in the preparation and trial of civil cases of a value not exceeding AOA 100,000 and, under their civil jurisdiction, the trial of all issues in which, by agreement of the parties, only non-codified usage and customs are applied; in criminal cases, they are entrusted with the preparation and judgment of crimes punishable by correctional sentence. The Constitution provides for the existence of a Constitutional Court, charged in general with administering constitutional justice.²¹

Recognition and Enforcement of Judgments

In General

Recognition of foreign-court judgments on private rights in Angola can be undertaken upon their confirmation and review by the Supreme Court (Civil and Administrative Chamber). There also are special laws and treaties on this matter.

This recognition depends on a number of formal and substantive requirements, and a foreign judgment may be enforced in Angola. The possibility of enforcing national judgments through foreign courts depends on the existence of international treaties or agreements and on the system of review of foreign judgments in Angola where they are to be enforced.

International Competence of Angolan Courts

The Angolan courts are internationally competent where:

- The action must be brought in Angola, under the rules of jurisdiction laid down by Angolan law;

18 Law Number 7/94 of 29 April 1994.

19 Law Number 1/95 of 6 January 1995.

20 Decree Law Number 15/95 of 10 November 1995.

21 Law Number 2/08 of 17 June 2008, enacting Organic Law of the Constitutional Court (*Lei Orgânica do Tribunal Constitucional*).

- The fact that serves as the cause of action was performed in Angola;
- The defendant is a foreigner and the claimant is Angolan, provided that in the reverse situation the Angolan may be sued in the courts of the State to which the defendant belongs; and
- The law cannot become effective save by means of an action lodged with an Angolan court, provided that there is a weighty element of personal or real between the action that is brought and Angola.

Where the court of the defendant's domicile is, according to Angolan law, competent to decide the action, the Angolan courts may exercise jurisdiction provided that the defendant has resided in Angola for more than six months or is accidentally in Angola (in this latter case, it also is necessary that the obligation was contracted with an Angolan). Lastly, foreign corporate persons are deemed to be domiciled in Angola if they have an agency, branch, affiliate, or delegation in Angola.

Arbitration

Angola created an important starting point by enshrining, in Law Number 16/2003 of 25 July 2003, the possibility of settling disputes by arbitration, as had already been set out in the Constitution. This fundamental step in the promotion of arbitration contributes towards competitiveness and provides the Angolan and foreign business sector with a speedy, professional, and confidential alternative for settling commercial disputes.

Law Number 16/2003 is revolutionary, not only because it allows arbitration in general terms but also because it provides for international and institutionalized arbitration. It also highlights the independence of arbitration from courts of law and the direct implementation of arbitrators' decisions with no need for any revision.

The Law distinguishes between domestic and international arbitration and considers that the latter includes the settlement of disputes affecting interests of international trade. This formula, inspired by French law, is designed to cover all arbitration of disputes arising from business operations involving the cross-border circulation of goods, services, or capital.

Arbitration decisions issued abroad may be recognized in Angola in order to ensure that they can be implemented in a special recognition process. However, Angola is not party to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. Nor is Angola a party to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States approved in Washington in March 1965.

However, in bilateral relations between Portugal and Angola, there were important exchanges of ratification instruments between the two countries in the Legal and Judicial Cooperation Agreement signed in 1995. This agreement sets

out a number of principles applicable to judicial decisions that can be recognized by means of a revision or confirmation mechanism applicable to arbitration decisions, where possible. This favors recognition of decisions on international arbitration in Portugal.

