



SOCIEDADE DE ADVOGADOS, RL  
ROGÉRIO FERNANDES FERREIRA  
& ASSOCIADOS

N. 37/15

# NEW PRIVATE INVESTMENT LAW IN ANGOLA



## TAX & BUSINESS



This Information is intended for general distribution to clients and colleagues and the information contained herein is provided as a general and abstract overview. It should not be used as a basis on which to make decisions and professional legal advice should be sought for specific cases. The contents of this Information may not be reproduced, in whole or in part, without the express consent of the author. If you should require further information on this topic, please contact [contact@rfflawyers.com](mailto:contact@rfflawyers.com).

\*\*\*

This Information is sent in compliance with articles 22 and 23 of Decree-Law no 7/2004, of 7 January, regarding unsolicited e-mails. If you wish to be removed from our mailing list and avoid similar future communications, please send an email with "Remove" to the email address [newsletter@rffadvogados.com](mailto:newsletter@rffadvogados.com).

### INTRODUCTION

A new private investment law, n.º 14/15 was published on the 11<sup>th</sup> August in Angola.

This law came into force on the same day of its publication and approved the new regime of private investment in Angola. It revoked the former law n.º 20/11 of 20 May and introduced relevant changes when compared with the previous regime.

This law essentially aims to make the procedure for the admission of investment less bureaucratic, as well as adapt the system of tax and customs incentives and benefits to the current economic dynamic of the country.

### SCOPE

Contrary to the former regime, which required an external investment in an amount at least of 1 million dollars, the new private investment law in Angola is applicable to external investments of any amount, as well as internal investments in an amount of at least 50 million Kwanzas (approximately USD 396.000,00).

This regime is not applicable to investments carried out by entities governed by private law, in those cases where the share capital is held

01

at least 50% by the State or other public entity subject to its own regulation.

#### INVESTMENT BENEFITS

Although the new regime applies to external investments of any amount, to be eligible for the investment benefits and incentives, it is required that the total amount of investment corresponds to the exchange value in Kwanzas of at least 1 million dollars. In case of internal investments, the minimum amount of investment required corresponds to an amount equivalent to 500.000,00 USD.

In these cases, as a way of reducing the discretion existing in the granting of benefits, this new regime establishes that the tax incentives are granted based upon a case-by-case analysis of the projects, taking into consideration the following criteria: (i) employment creation for national workers, (ii) investment value, (iii) investment location, (iv) sector of activity, (v) export activity, (vi) participation of Angolan shareholders, and (vii) added value to national economy.

For the purpose of the granting of tax incentives to the investment operations, the new law distinguishes two different zones: Zone A (includes the province of Luanda, the head municipalities of Benguela, Huíla and the municipality of Lobito) and Zone B (includes the provinces of Cabinda, Bié, Cunene, Huambo, Cuando Cubando, Lunda-Norte, Lunda-Sul, Moxico, Zaire, Bengo, Cuanza-Norte, Cuanza-Sul, Malanje, Namíbe, Uíje and

remaining municipalities of Benguela and Huíla).

The applicable benefits involve industrial tax, real estate transfer tax and capital gains tax reduction, for a period of 1 up to 10 years, depending on the particular case.

It also establishes that the benefits should cease immediately once the 10 year period elapses or if the investor has already benefitted from tax savings in an amount equal to the amount of the investment made.

The law also provides for an extraordinary granting of tax benefits to investments whose total value corresponds to an amount equivalent to 50.000.000,00 USD and creates at least 500 and 200 jobs to national citizens in Zone A and Zone B respectively.

#### REPATRIATION OF PROFITS AND DIVIDENDS

After the operation of the external private investment project, and proven its implementation, it is guaranteed the external/internal investor the right to transfer abroad: (i) the distributed dividends or profits, (ii) the result of liquidation of their investments, including capital gains, (iii) the result of compensation and (iv) royalties.

#### ADDITIONAL RATE ON CAPITAL GAINS TAX

Although the mentioned right of repatriation of profits no longer depends on a minimum invested amount, this law stipulates that the



amount of distributed dividends and profits are subject to a payment of an additional charge on capital gains tax, in the component that exceeds the share in their own funds, in the following terms: (i) 15% when the excess value is up to 20%, (ii) 30% when the excess value is above 20% to 50% and (iii) 50% when the excess value exceeds 50%.

This regime is not applicable to dividends and profits reinvested in Angola.

#### PARTNERSHIP REQUIREMENT

The new law also requires the need to have an Angolan partnership in the following sectors: (i) electricity, (ii) water, (iii) hotel business, (iv) tourism, (v) transports, (vi) logistic, (vii) construction industry, (viii) telecommunications, (ix) information technology and (x) social media.

In fact, in the abovementioned sectors, the foreign investment is only allowed in case of partnerships with Angolan citizens, with public capital/state-owned companies or Angolan companies, holding at least 35% of the share capital of the relevant entity and having an effective participation in the management of the investment project.

#### INDIRECT INVESTMENT

The internal or external investment that contains, isolated or cumulatively, the form of loan, shareholders loans, supplementary payment of capital, patented technology,

technical process/assistance, industrial secrets and models, franchising, trademark and other forms of access to their use, either on an exclusive basis or under the form of restrictive licensing per geographic area or field of industrial and/or commercial is considered indirect investment.

In respect of the shareholders loans, the new regime stipulates that those loans should not exceed 30% of the amount of investment made by the incorporated company and are only refundable after 3 years counting from the corresponding date of registration in the company accounts.

Finally, this regime stipulates that the operations qualified as indirect investment, should not exceed an amount corresponding to 50% of the total amount of investment, either in cases where an internal investor is involved, either in cases of external investor.

#### APPLICATION IN TIME

This law and its regulations are not applicable to investment projects approved before its entry into force. These investment projects continue to be governed by the provisions of former legislation and by the terms or specific contracts on the basis of the authorization granted before.

In any case, the investors may require the application of the new law to their investment projects. The decision should be issued by the

competent body taking into consideration the investment amount and its characteristics.

The tax and customs benefits already granted under the former law remain in force within the period established and extensions are not allowed.

#### REGULATION

Even though this law has entered into force, the new regime should be subject to regulation which is expected to be published soon.

Lisbon, 2 of September 2015

Rogério M. Fernandes Ferreira  
Marta Machado de Almeida  
Rita Arcanjo Medalho  
Filipa Belchior Coimbra