



AFRICA ANGOLA ECONOMY FDI LEGISLATION UNDERSTANDING

## Understanding: Angola new regulation on Private Investment Law



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# Understanding

The new Regulation on the Private Investment Law (“Regulation”) was recently enacted by Presidential Decree no. 250/18 and has entered into force on 30 October 2018.

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This Regulation establishes the procedure for the realization of the private investment, foreseen under the terms of the Law no. 10/18 of the Private Investment (“LIP”), in force since 26 June 2018. Scope

The provisions set out in the Regulation will cover the entire cycle of the Investment Projects (“Projects”), from (i) the submission of the

investment proposal, (ii) its approval, (iii) execution and (iv) cancellation of private investment registration.

The LIP and its Regulation do not apply to the investment projects submitted before 30 October 2018.

## Approval

The approval of the Projects is the responsibility of the Private Investment and Export Promotion Agency (“AIPEX”), regardless of the proposed investment regime. There are two regimes for the purpose of granting benefits and incentives (i) the Prior Declaration Regime and the (ii) Special regime, the latter applies to investments made in the priority activity sectors, as defined in the Annex II of the Regulation.

## Private Investment Procedures

As opposed to the previous legislation, the company through which the investment project is implemented (“Special-Purpose Vehicle”) must be set up beforehand. In this sense, the Regulation provides facilities in the legal registrations related to the incorporation of the company. The investment procedures begin with the submission of the private investment proposal addressed to AIPEX, which must be instructed with the following documentation:

1. Letter requesting the registration of a private investment project and issuance of the Private Investment Registration Certificate (“CRIP”);
2. Investment project declaration form (available on the AIPEX website) that will have to be submitted through the Electronic Private Transaction Processing System (SETIP);
3. Copy of the identity of the tenderer (identity card or passport), if it is an individual or a copy of the tenderer’s legal documentation, namely the Company’s articles of association and the commercial register certificate, if it is a legal person;
4. Documents attesting the financial situation (proof of funds);
5. Training plan;
6. Powers of attorney, in case of representation.

## Issuance of the Private Investment Registration Certificate

After submission of all documents, AIPEX notifies the tenderer by means of an official receipt and has five (5) business days to communicate the decision on the registration of the investment; In case of deferment, the CRIP will be issued, which will be the only document proving the status of investor. Under the new Regulation, there is a simplification of the procedures for registration and approval of projects, since CRIP replaces the Private Investment Contract, and the stage of negotiation and conclusion of the contract under the previous regimes is over.

## Tax benefits

The tax benefits are granted automatically and are fixed according to the investment regimes (Regime of Prior Declaration or Special Regime). Unlike the previous regime, benefits are now granted accordingly with sectors of activity and location of the investment, instead of the amounts-based criteria. Under the Special Regime, the company may benefit, for a period not longer than ten (10) years, from a reduction of the tax rate between 20% to 85%, among other benefits and facilities, instead of two (2) years of benefits and a reduction of 20% to 50% as established in the Prior Declaration Regime, depending on the case.

## Reinvestments

The projects for reinvestments shall profit from tax benefits if the initial project is duly implemented.

## Financial Benefits

Foreign investors cannot access internal credit through Government programmes of support to economy during the implementation of the first project. The ineligibility of access the said credit ceases after the implementation.

## Corporate changes and enlargement of the project

The regulation only requires the obligation to communicate within fifteen (15) business days after the respective corporate change. Nevertheless, in case the scope of the project is extended, it is recommended to apply for a prior authorization, since the regulation allows for adjustments regarding the benefits.

This new piece of legislation prioritizes the simplicity and promptness of procedures so that investment developments are achieved with maximum effectiveness, aiming to add value to the national economy.

Article by **Katiana Cordeiro**

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### **Katiana Cordeiro**

**Katiana Cordeiro** is a senior associate at **MC&A**, a Portuguese law firm in association with the Angolan **CS&A**. She is a lawyer, with considerable international experience, especially in the Angolan jurisdiction who has been involved in operations concerning private investment, insurance, corporate finance, real estate and corporate projects such as incorporation of SPV, M&A, corporate re-organizations. Her experience covers advice to international and national clients in corporate and Labor compliance attained throughout her experience as Legal advisory to HR Departments in transnational corporations, in several sectors of business. Katiana is graduated in Law from Lusíada University – Lisbon Law School and she is a Member of the

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