

Angola – Changes in the Industrial Tax Code and Personal Income Tax Code

On July 20th and 22nd, Law no. 26/20, which approves the Industrial Tax Code, and Law no. 28/20, which introduces changes to the Personal Income Tax Code, were published.

The regulations that have been introduced by the mentioned legal diplomas will come into force 30 days after the respective publication.

We are going to present the relevant changes for the taxable persons – Citizens and/or Companies, which are referred by the mentioned Codes.

We remind, once again, that we are available to carry out a more precise analysis to the Companies' current procedures, evaluating the impacts of these changes regulations and assisting on the implementation of relevant diligences deemed necessary.

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Industrial Tax Code

With the application of these new rules the legislator intends to create a more competitive tax regime, in relation to other African countries, in order to attract foreign investment and consequently, supporting the development of Angolan economy.

The changes to the Industrial Tax Code will come into force on August 19th, 2020, 30 days after its publication.

The measures which, in our opinion, are the most relevant and cause more impact are:

General and simplified regime of taxation with respect to Industrial Tax

Two different regimes and respective regulations of incidence and assessment of the correspondent tax were established – therefore the previous A and B Groups are extinguished.

Foreign Exchange Variations

For the determination of the taxable income, both incurred favorable and unfavorable foreign exchange variations are now considered as Income or Gains and as tax Costs / Expenditures (potential variations are now disregarded).

Extension of the deadline for deduction of tax losses

The reporting deadline to carry out the tax deduction for tax losses is extended from 3 to 5 years compared to the year in which they were assessed.

Change of the nominal tax rate of the Industrial Tax

Reduction of the general nominal industrial tax rate from 30% for 25%.

Subjection to the 35% tax rate for income generated in the scope of banking activities, insurance sector, telecommunications services providers and oil companies, as defined by Presidential Legislative Decree no. 3/12 of March 16th.

Tax neutrality regime

The tax neutrality regime applicable in companies' merger and demerger operations will be applicable to all Industrial Tax' taxable persons.

Personal Income Tax Code (PIT)

Law no. 28/30 has introduced changes to the Personal Income Tax Code, which, in general terms, intend to protect families with low income levels, by giving them liquidity necessary to purchase essential goods to their livelihood.

The legal diploma foresees that changes introduced by the Personal Income Tax Code would come into force on August 21st, 2020, “30 days after its publication”.

Considering that might exist different understandings about the tax framework applicable on salaries to be paid in August, Angolan Tax Authorities (AGT) have issued a Ruling (“Comunicado”) according with the new rules are applicable to income to be paid only from 1st of September 2020.

Tax incidence – A Group

The income originated by dependent work above AKz 70,000 is subject to PIT (previously, the minimum limit was AKz 35,000 which corresponds to half of this new minimum limit).

Different salary components are subject to tax

The amounts paid by way of compensation for the termination of an employment contract, allowances for failure and housing allowances are subject to the PIT (the global amount of the allowance is subject to PIT). In order to determine the applicable rate, all the amounts of all allowances are added.

Changes to the PIT rates

PIT is now calculated by application of progressive tax rates, ranging between 10% and 25%, according to the income level.

Employers are required to adjust their payroll software/ programs reflecting the rates listed in the Tax Rates Table annexed to the PIT Code.

Withholding tax for payments of income of B and C Groups

The withholding tax rate applicable to the income payments of B and C Groups will be 6.5%.

Acquisition of services from non-resident entities

The acquisition of services from non-resident entities (accidental services) is now subject to PIT at a 15% rate.

Deadline for payment of tax and submission of tax statements

The deadline for payment of tax and submission of some tax obligations will be the last working day of the following month of the respective taxable event.