Publications

Investing in Angola

Country Financial and Tax Summary

- Main Interest Rate: 10,6% (Luanda Interbank Offered Rate) subject to variations.
- Currency: Kwanza (AOA) €1 approx. 132 AOA
- Accounting Model: General Accountancy Plan of Angola (follows IAS and IFRS)
- Restrictions on Currency Import and Export – above $300.000 necessary approval from the National Bank of Angola ($10.000 is the limit a person can carry out of the country)
- No Double Taxation Treaties in place
- Corporate Income Tax rate: 35%
- Social Security contributions: employer 8% of salary – employee 3% of salary
- Dividends, Royalties and Interest: 10% withholding tax
- Branch Profit Tax Exemption for Angolan Companies
- Personal Income Tax: progressive rates up to 17%
- Consumption Tax: 10% general rate (but varies between 2% and 30%)
- Real Estate Transfer Tax: 2% rate
- Stamp Duty: rates vary depending on the reality/act
- Municipal Real Estate Tax: 0,5% rate on tax value of the property; 15% on rent of leased properties
- Inheritance Tax: up to 30% depending on the level of kinship

A. COMPANY SET UP

A company wishing to carry out activity in the country for more than one year has to set up a local presence in the country. A legal presence can take the form of a (i) branch of a foreign company, or (ii) a local company. A branch of a foreign company has full legal capacity to enter into business contracts, hire employees and is, in general, subject to Angolan law in the same terms as a locally incorporated company. A local company can be organized in basically three forms: (a) as a private limited liability company by quotas, (b) as a private limited liability company by shares, or (c) as a private limited liability company as a sole shareholder company.

Except for the differences in terms of internal structure and organization, a branch operates much like a local company in its dealings with third parties. Private limited liability company by quotas have a simpler management structure, which makes them suitable for small enterprises, they are therefore the type of company more often chosen by foreign investors. A private limited liability company by shares is only created for cases involving a higher number of shareholders or when investors are engaged in high-profile business and wish to show a substantial company to clients.

B. Private Investment Law

The incorporation of a company, the registration of a branch or the acquisition of an equity interest in an existing Angolan company by a foreign investor qualifies as a private investment operation under the Angolan Private Investment Law ("PIL"), and needs to be approved by the Angolan Private Investment Agency ("ANIP"). Most important rules set forth under the PIL are as follows:

1. The PIL is only applicable to "qualified private investments", i.e., investments in an amount equal or greater than 1 million. Therefore, if a foreign investor wishes to benefit from the right to repatriate dividends with regard to its equity interest, an investment project in an amount equal or exceeding USD 1 million would have to be presented and approved by ANIP.
2. The right to repatriate profits is not automatic. This right shall only be granted upon implementation of the relevant investment project. Moreover, investment projects in an amount below USD 10,000,000 to be implemented in Luanda (which is the majority of the cases) shall be subject to a 3-year "non-repatriation period".
3. The granting of tax and customs incentives is markedly exceptional. The rule is not to be granted any tax incentives as they are subject to strict requirements and ultimately dependent on a case-by-case negotiation between the investor and ANIP.
4. All investments must follow the contractual regime. This implies the need to put forward and negotiate an investment contract with ANIP.

The prospective investor must file an investment project proposal to National Agency for Private Investment (ANIP). The proposal must include all the elements and documents necessary to identify and characterize the investor and the project from a legal, economic, financial and technical point of view, including the following:

i) By-laws and articles of association, certificate of incorporation and board resolutions;

ii) Last audited accounts report;

iii) Business portfolio;

iv) Economic feasibility study;

v) Environmental impact assessment;

vi) Schedule for implementation of the project;

vii) Plan for recruitment and training of Angolan workers.

The proposal must include all the elements and documents necessary to identify and characterize the investor and the project, namely, by-laws and articles of association, certificate of incorporation and board resolutions Memorandum and Articles, Certificate of Good Standing, Resolution of the Board of Directors, Powers of Attorney.

The submission of the foreign investment project shall include the following documents: investment proposal and contract, application for tax incentives and other benefits, training plan, environmental impact assessment, project's feasibility study and implementation schedule, among others.

After the investment proposal is accepted a committee will issue an opinion on the project and send it for final decision to (a) the Board of Directors of ANIP, for investments of USD 10 million or less, or (b) the President of the Republic for investments of more than USD 10 million.

After approval of the investment project, a certificate is issued (CRIP) and general licensing and regulatory procedures will have to be complied with such as, notarial deed of purchase or endorsement, registration at the registry of companies, tax authorities and social security, official publications, as well as obtaining applicable permits or licenses.

C. Time frame and costs

The procedure is long and cumbersome. Completing this entire process will take 5 to 6 months or even more.

As for the costs, the amount of the fees varies depending on a number of factors such as the total amount of the investment to be made. For your reference, under the fee schedule currently being applied by ANIP, the review and approval of an investment project in the amount of USD 1,000,000, triggers the payment of fees in the region of USD 11,400. The administrative charges related to the registration of the acquisition of an equity interest normally amount to € 3,000-€ 4,000.

D. Labor Law

Angolan or foreign employers which carry out their business in Angola are bound by the general principle according to which Angolan employees should be hired whenever available, therefore foreign non-resident employees may only be hired when Angolan employees, with comparable qualifications and experience, are not available on the job market.

Angolan or foreign employers shall only employ non-resident foreign employees provided that their staff, when made up of more than 5 employees, includes at least 70% Angolan nationals. Authorities tend to overlook the general principle of prioritizing the hiring of Angolan employees if the company's staff complies with the 70/30 limit.

E. Taxation

The main taxes for investment purposes are Industrial Tax (Corporate Tax), Investment Income Tax, Personal Income Tax and Stamp Duty.

Companies and branches operating in Angola are subject to Industrial Tax on their profits at a rate of 35%. Moreover, the Angolan-resident entities they provide services to are required to withhold Industrial Tax on any invoices paid to them at a 5.25% rate, which is offset against the company's final tax liability.

Companies are also subject to Investment Income Tax withholding, at a 10% rate on, payment of dividends to their shareholders and for the lease of technical or industrial equipment.

Stamp Duty is imposed on deeds, contracts, agreements, law proceedings, bills and notes, customs clearance documents, letters and other documents. Stamp Duty rate for receipts is 1% of the gross value of each receipt.

Employees of the Angolan entity are subject to Personal Income Tax, according to a progressive rate up to 17%.

F. Social Security

Expatriate employees are only required to adhere to Angolan Social Security they are not covered by a similar social security scheme in their home country. Social Security payments are shared between the employer and the employee, in the proportion of 8% for the former and 3% for the latter. on the employee's monthly salary.

G. Foreign Exchange

Companies or branches operating in Angola are deemed foreign exchange residents and subject to controls on the operation of bank accounts and transfer of money outside the country.

Angolan Forex resident companies need authorization from the Angolan Central Bank to hold foreign bank accounts and are required to be paid for services they provide in Angolan bank accounts.

The Angolan Central Bank is currently requiring prior approval of payments from Angolan residents to non-residents exceeding USD 100,000.