

Legal Framework



For Tax in Mozambique

No. 5 Other Taxes and
Levies

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1. FOREWORD

This manual was undertaken as a result of a request from ACIS – Associação Comercial e Industrial de Sofala in collaboration with GTZ - APSP, with the support of the Sofala Provincial Government, to publish a set of tax manuals, which provide necessary advice and information on legal and tax issues to the members of the association.

It is under this background that this manual was prepared on the state taxes included in national tax system, with the exception of the IRPC, IRPS and VAT which have been treated in previous publications, and on taxes included in the municipal tax system, considering the concern of the ACIS to respond to the needs of its associates, the small, medium and large companies that, in the daily management have doubts about practical aspects of the operation of the tax.

This manual is intended to be a practical and useful tool to help managers and entrepreneurs decide on the best tax solutions for their specific activity and the size of their business. It will also allow them to run their business with a better knowledge of the rights, benefits, and obligations available.

In trying to achieve the goals established for the manual, cases studies were prepared by ACIS. Information and opinions were shared with auditors and relationships were established with the Tax Authorities from whom we received important information and clarifications.

The topics covered in this manual are of a complex nature and the manual is concise. The manual should not be understood, in any manner to substitute the legal documents and should not be used to obtain professional assistance in relation to the complexity of the economic realities underlying the tax system.

This is an update version of the manual – Version STN/STA 02 – which includes the modification arising from the adoption of new legislation with impact on the taxes included in the National Tax System and in the Municipal Tax System, as required and approved by ACIS *Management Committee*.

The modifications referred to arise from the following legislation:

- LQW n° 17/2009, dated 10th September, approving the Tax Code on Excise Duty;
- Decree n° 69/2009, dated 11th December, approving the Regulation of the Tax Code on Excise Duty;
- Ministerial Decree n° 219/2010, dated 15th December, that establishes the rates of the National Reconstruction Tax to be in force in 2011;
- Decree n° 61/2010, dated 27th December, approving the mechanisms to determine and correct the patrimonial value of the urban housing located in the territory of municipalities and subject to the Municipal Immovable Property Tax.

Our thanks are due not only to USAID who sponsored the update of this edition but to GIZ – German Technical Cooperation for their support in developing the Legal Framework for Tax sub-series.

GUIDE FOR USERS

This manual is structured in chapters and sections and is designed to be edited in an unbound leaf folder system. This system should allow the substitution of the outdated pages, when necessary, and allow for changes or additions in legislation by the Tax Authorities.

For changes and revisions to the Manual that may be deemed necessary, the following procedures will be followed:

- Any amendments to this version of the manual (**NMTS 02**) will be requested and approved by the ACIS Management Committee, who shall nominate the party responsible for the change;
- After approval by the ACIS Management Committee the electronic version of the manual will be updated by publication on the website and all members will be notified by e-mail about the amendments;
- Each update shall be dated and identified with a specific sequential number;
- The updated manual will be available on the web site to download and all members will be e-mailed a copy;
- The original manual and the amended versions shall be kept electronically and in hard copy, in the ACIS permanent file system.

The manual is presented in Portuguese and in English; however the supporting legislation is only available in Portuguese.

The manual aims to cover the fundamental issues of the taxes and uses graphic presentations and practical examples to deliver a user friendly guide on all aspects of the taxes. The manual is comprehensive however it does not deal with all the legal detail associated with taxes and is not intended to be a legal reference.

The supporting legislation is referenced in the text or at the beginning of each chapter to ensure that the legislation can be consulted to allow a more thorough understanding.

The manual can be read in the electronic format or in hard copy, as follows:



The availability of printed versions is the responsibility of the ACIS members. Members need to ensure that they keep the last version of the document. Changes to the original are the responsibility of ACIS.

2. GLOSSARY

Acronyms:

ACIS – *Associação Comercial e Industrial de Sofala* - Commercial and Industrial Association of Sofala

APSP – *Ambiente Propício para o Sector Privado* – An initiative funded by GTZ to promote a sound environment for Private Sector Development

AT – *Autoridade Tributária* - Tax Authority

CTA – *Código Tributário Autárquico* - Municipal Tax Code

Dc – Decree

DGI – *Direcção Geral de Impostos* – General Directorate of Tax, one of the structural units of ATM, with jurisdiction over the entire country relating to tax matters

GTZ – *Deutsche Gesellschaft für Technische Zusammenarbeit* – an international cooperation enterprise for sustainable development with worldwide operations. The federally owned Deutsche GTZ GmbH supports the German Government in achieving its development-policy objectives.

IRN – *Imposto de Reconstrução Nacional* - National Reconstruction Tax

IRPC – *Imposto sobre o Rendimento das Pessoas Colectivas* – Corporate Income Tax

IRPS – *Imposto sobre o Rendimento das Pessoas Singulares* – Individual Income Tax

IAV – *Imposto Autárquico sobre Veículos* – Municipal Tax on Vehicles

ICE – *Imposto sobre Consumos Específicos* - Tax on Specific Consumption (Excise Duty)

IPA – *Imposto Pessoal Autárquico* – Individual Municipal Tax

IPRA – *Imposto Predial Autárquico* – Municipal Recurrent Immovable Property Tax

IS – *Imposto de Selo* - Stamp Duty

ISD – *Imposto sobre Sucessões e Doações* - Tax on Successions and Donations

IV – *Imposto sobre Veículos* - Tax on Vehicles

MD – Ministerial Diploma

MF – Ministry of Finance

NUIT – *Número Único de Identificação Tributária* – Taxpayer Identification number, defined under the conditions established in the Regulation approved by Decree 52/2003, dated 24th of December

PGC – *Plano Geral de Contabilidade* – General Chart of Accounts

PGC-PE - *Plano Geral de Contabilidade* – General Chart of Accounts which is applied to Small sized companies

PGC-NIRF - *Plano Geral de Contabilidade* – General Chart of Accounts which is applied to Medium and Large sized companies

RICE – *Regulamento do Código do Imposto sobre Consumos Específicos* – Regulation on Excise Duty Code

RLT – *Regulamento da Lei de Terras* - Regulations on the Land Law

RSU – *Regulamento do Solo Urbano* - Regulation on the Urban Soil

RISD – *Regulamento do Imposto sobre o Sucessões e Doações* – Regulations on Tax on Successions and Donations (ISD)

RIV – *Regulamento do Imposto sobre Veículos* – Regulation on the Tax on Vehicles

STA – *Sistema Tributário Autárquico* - Municipal Tax System

STN – *Sistema Tributário Nacional* - National Tax System

VAT – Value Added Tax

Concepts:

Accord and Satisfaction – a form of extinction of an obligation which consists in the delivery, with agreement of the parties, of a consideration that is of a different from that is the object of the obligation: this agreement discharges the debtor from the obligation.

Agricultural, forestry and cattle breeding activities – the following are considered to be agricultural, forestry and cattle breeding activities:

- commercial or industrial, directly or indirectly to those activities, which exclusive use the products for agricultural, forestry and cattle breeding activities;
- breeding and farming of natural cattle areas, water and other natural products, which are exploited directly or by third parties;
- exploration of salt pans, seaweed and other;
- bee keeping;
- investigation and creation of new animal and plant varieties, dependent on those activities.

All terrain / 4x4 vehicles – motor vehicles that meet the characteristics defined by the Department of Motor Vehicles.

Bankrupt Estate – bankrupt estate is the total of the assets (except for those that cannot be pledged) and rights (save those exclusively personal or not related to the bankruptcy), which at the time of adjudication of the bankruptcy were part or became part of the bankrupt assets as well as all those assets that were subject to acts undertaken by the bankrupt prior to the bankruptcy and were later cancelled or previously opposed to by means of *actio pauliana*.

Borrower – the person who accepts the donation.

Cadastre /Land Registry Services – it is the public service of the local bodies of the public administration that is responsible for the implementation and updating of the land records.

Definitive registration – those issued to vehicles that were acquired under the general taxation conditions in the national territory, or those that are considered to be in such conditions by special legislation in force.

Definitive ruling – a court ruling, whether a sentence or an order, becomes definitive when the same can no longer be appealed or subject to complaint.

Delay – is the delay in complying with a payment due, by failure attributable to the debtor ¹.

Donation – a contract by means of which a person (the donor), liberally and at the cost of his/hers own assets, disposes for free, of a thing or right or undertakes an obligation for the benefit of another person (the donee or recipient), who accepts it.

Economic activity – relates to production, trade, or service activities, including mining, agriculture, forestry, livestock and fishing activities.

Edict – an official order posted in public places or newspapers.

¹ Art. 1142 of the Civil Code

Emphyteusis / Free-farm – separation of the right of ownership into two domains (direct and useful), giving rise to the payment of a rent for the free-farm (holder of the useful domain, who uses and enjoys the immovable property as if it was his own, creating and extinguishing on the same surface rights and servitude) to the landlord (holder of the direct domain).

Encumbrances – any lien or limitation levied on the ownership of an asset. For example, mortgage, usufruct or servitude.

Enjoyment – the right of fruition is the faculty that the owner has to receive fruits and income from the thing.

Executor – person or persons appointed by the testator to monitor compliance of the will or to execute the same, in total or partially.

Exportation – definitive exit from the national territory destined to be introduced in the consumption of a foreign country.

Fiscal residence:

For individuals - the physical address of residence within the Mozambican territory;

- For corporations - the physical address within the Mozambican territory of headquarters, or where the effective management and accounting records are located, if it is other than the headquarters;
- For permanent establishments of non-resident - where the effective management and business development are located.

If individuals have different dwellings and it is not possible to identify one as the main residence, the fiscal residence shall be the residence most frequently used by the individual, or where the main centre of operations is located.

For taxable persons considered as major taxable persons by the Tax Authorities or in other specific cases, the fiscal residence may be different from the general rule applicable to corporations as stated above.

For non-resident who have revenue subject to taxation within the national territory but who do not have a permanent establishment, the fiscal residence shall be the physical address of the tax representative¹.

Head of family – who has the responsibility to administer the estate until its liquidation and division. The function of a head of family is deferred in the following order:

- To the surviving spouse, not judicially separated, if heirs or has the right to share the assets of the spouses;
- To the executor, except if the testator declares to the contrary;
- To the family members who are legal heirs;
- To the testamentary heirs.

Inheritance/Estate – is the object of the succession: a number of assets that a person leaves when he/she dies.

¹ Art. 3 of the Decree 52/2003, dated 24th December

Introduction into domestic consumption – the moment on which the vehicles become available in the domestic market, after the Tax on Specific Consumption (Excise Duties) has been paid.

Leasing – the contract by means of which one of the parties undertakes to provide the other with the temporary enjoyment of a thing, subject to retribution. Leasing is called rental when it refers to immovable property and leasing when referent to a movable asset¹.

Legacy – a determined good or amount in the succession to a person.

Legatee – successor who acquires the determined goods or amounts. The beneficiary of the usufruct, even if his/hers right is levied on the total assets, is always a legatee.

Lessee or tenant – tenant in a lease agreement of an immovable property, i.e. a rental agreement.

Life annuity – a contract similar to the perpetual rent but in which the payment of the rent is due during the life of the transferor or a third party.

Light delivery vehicles – single or double cab with a maximum of seven seats, including the driver, pick up or chassis-cabin, and light vans and panel vans with a maximum of 3 seats, including the driver, with a height equal or exceeding 120 cm and gross vehicle mass exceeding 2.500 kg, provided that the same are not considered to be light passenger vehicles or vehicles for mixed use.

Light delivery vehicles derived from light passenger vehicles – those that have a fixed bulkhead, which totally separates the drivers and passenger cabin from the goods area, with completely flat loading platform.

Light passenger vans– light passenger vehicles, with maximum nine seats, including the driver, with interior height equal or exceeding 120 cm and gross vehicle mass exceeding 2.500 kg.

Light passenger vehicles for mixed use – motor vehicles with a maximum of nine seats, including the driver and which meet the following characteristics:

- the interior can be used either for passenger or cargo transport, without modifying the structure;
- with removable seats and side windows, lateral or rear door and interior finishing identical or similar to passenger vehicles.

Light vehicles – any vehicle, including a trailer, that is not exclusively used for the transport of goods or used in agriculture, trade or manufacturing. In addition, any vehicle that is also used for the transport of people which does not have more than 9 seats, including the driver's seat.

Loan for use / Commodatum – a contract by which a person delivers a movable or immovable thing to another, to use it, under an obligation on the part of the borrower to return it.

Loan agreement – an agreement (contract) containing the terms of the agreement established between the bank (lender) and the client (borrower) referent to a financing and where all conditions are defined (amount, period, interest rates, etc.). This can either be entered by means of a public deed or of private document.

Local Bodies of the State and Municipalities – Provincial and District Governments and Municipalities

¹ Articles 1022 & 1023 of the Civil Code

Mortgage – is the real guarantee that entitles the creditor the right to get paid by the value of the immovable property owned by the debtor, with preference on any other creditors. This type of guarantee is usually required by banks for long term loans (e.g. housing loans).

National territory – the entire land surface, maritime zone and air space delimited by national boundaries.

Notary – A public entity under the Ministry of Justice which mission is to undertake certain registrations, acts and contracts or to certify the legal conditions of the same.

Patch – delimited portion of land, which can be divided in accordance with the rules of the plan.

Patrimonial or Asset taxation value – the value allocated to the residence or immovable property and which is recorded in the urban register of real estate.

Perpetual Rent – a contract, entered into by public deed, in which one of the parties transfers to the other the ownership of a certain amount in cash, or of a movable or immovable property, or of a right, where the second party undertakes to pay a certain quantity in cash or other fungible thing, as a rental and with no time limit.

Plot – the ultimate indivisible portion of the patch of ground, defined by the detail plan.

Promisor – who made a legally relevant promise to another person.

Promissory Agreement of Purchase and Sale – an agreement (contract) in which the parties promise to enter into a purchase and sale agreement in the future.

Public deed – it is the act (contract) by means of which the asset is transferred from one owner to another, by means of a written document signed by both parties before the notary or his representative.

Rejection – act by means of which a person called to the succession of a certain person declares that she/he does not accept the same.

Real Servitude – restrictions to the faculty of use and enjoyment of a property for the of a certain person, commonly in relation to neighbouring properties.

Register of real estate – a register undertaken by the competent services, containing the composition and area of the immovable property, its taxation patrimonial value and the identification of the owners and beneficiaries of the usufruct, if any. An immovable property will not appear in the registry, if the article does not exist.

Rental – a type of the lease agreement.

Respective Tax Department – (In Portuguese: “Direcção da Área Fiscal competente”, or “Recebedoria de Fazenda competente” or “Serviços Tributários competentes”) – the Ministry of Finance office that is closest to the taxable persons business, headquarters or permanent establishment, or in its absence his residence, taking into account the following:

- For individual or corporate taxable persons residing out of the national territory the respective Tax office shall be:
 - The office nearest to the place of permanent establishment;
 - The office nearest to the place where the tax representative has his headquarters, permanent establishment, or his residence;

- In the absence of tax representative or permanent establishment, the headquarters, permanent establishment, or residence of the purchaser.
- For compliance with tax obligations from imports, the respective Tax office shall be the Customs services.

Right of preference – a right to which a certain person is entitled to take precedence with respect to any other person in the purchase of a certain good (or in the realization of other contract compatible with the preference), provided that it agrees to enter into the contract under the same conditions.

Rural Property/Tenement – is the delimited portion of soil and the buildings existing on the same which do not have economic autonomy, where the source of income depends mainly of the land itself, whether the constructions have the function a supporting activity to the exploration of the land.

Sell at an auction – procedural act of a judicial sale (public sale), which consists in the placing of each object or lot on auction and opening of bids between interested parties.

Share – the right to receive part of a rental or a fixed quota paid in kind, which is held by one of the supposed co-owners.

Sub-lease or sub-rental – a lease agreement between the lessee and a third party called sub-lessee.

Substitution/submandate (“subestabelecimento” ou ” submandato”) – power of attorney that the attorney issues to another person, within the scope of the original contract.

Tax Invoice – document commonly used in the supply of goods or services by commercial entities. The format is discretionary, but the invoice must contain the items specified in paragraphs n° 5, 7 and 8 of clause 27 of VAT Code and the requirements of the Minister of Planning and Finance dated 1st of March 2009 must be followed on the printing of the invoice.

Urban Property/Tenement – a building incorporated in the soil with the free land around it, as well as the portion or plot delimited and integrated in an urbanized area.

Urban Soil – all the area within the parameter of the municipality, villages or villages legally created.

Usufruct – the right to enjoy fully and temporarily a thing or a right belonging to another person, without changing its form or substance.

Waiver – a voluntary act by means of which a person loses the right to which he/she is entitled, without accompanying attribution or transfer of the same to another person.

3. TIMELINE OF OBLIGATIONS AND RELATED FORMS

3.1 National Tax System

Taxes treated in this manual as part of the National Tax System, i.e., Tax on specific consumption (ICE), the Stamp Tax (IS), Donations and Inheritance Tax (ISD), SISA, National Reconstruction Tax (IRN) and Tax on Vehicles (IV), with the exception of the last two, are paid according to the time of the event to which the tax is applicable.

The obligations of IRN and IV are summarized in the following table:

Month	Days	Obligations	Forms	Legal support
January	2 nd of January to 31 st of January	National Reconstruction Tax (IRN) Payment to be done at the administrative post, locality or residential quarter of the taxpayer or in moving ^(*)	Acquittance	Art. 8 of CIRN
	2 nd of January to 31 st of March	Tax on Vehicles (IV) Payment to be made at DAF in the taxpayer's area of residence.	Form M/1	Art. 8 and 10 of RIV
February	1 st of February to 28/29 of February	National Reconstruction Tax (IRN) Retention at the source of the tax on salaries of independent workers.	Pay roll	Art. 18 of CIRN
March	Until 20 th March	National Reconstruction Tax (IRN) Delivery of the tax retained on salaries of dependent workers at the competent institutions in the district or city	Form M/B	Art. 19 of CIRN

^(*)In the case of dependent employees the tax is paid by deduction made by the employer (see obligations in February)

3.2 Municipal Tax System

Taxes listed in the table below are only those in which it is possible to systematize a schedule of obligations as the other taxes (SISA and fees for licenses or fees for provision of services) are payable when the generating factor occurs):

Month	Days	Obligations	Forms	Legal Support
January	2 nd of January to 31 st of January	Personal Immovable Property Tax (IPRA)(1st instalment or payment the total value) Payment made at the treasury of the Municipal Council.	Acquittance	Art. 55 of CTA
	2 nd of January to 31 st of December	Personal Municipal Tax (IPA) Payment is made at the treasury of the Municipal Council by direct payment at the Treasury or at a Mobile Post or by discounting by the employer in the salary of the employee or another form established by the Municipal Council or village	Acquittance	Art. 12 of CTA
	2 nd of January to 31 st of March	Municipal Tax on Vehicles (IAV) Payment is made at the treasury of the Municipal Council or of the village	Form M/1	Art. 71 of CTA
June	1 st of June to 30 th of June	Personal Immovable Property Tax (IPRA)(2nd instalment) Payment is made at the cashier of the Municipal Council.	Acquittance	Art. 55 of CTA

4. STATE TAXES FORMING PART OF THE NATIONAL TAXATION SYSTEM

4.1 Tax on Specific Consumption (Excise Duties)

This tax is regulated by the Code of Tax on Specific Consumptions (ICE), approved by Law n° 17/2009, dated 10th September, and respective Regulation approved by Decree n° 69/2009, dated 11th December, which came into force on 1st January of 2010.

4.1.1 What is this tax levied on?

Tax on Specific Consumption is levied on certain goods, manufactured in national territory or imported, that are considered to be luxuries, superfluous, toxic, dangerous to health or dangerous for human consumption or to the environment, as is the case of motor vehicles, alcoholic beverages, beer and tobacco.

Art. 1 of the ICE Code

For purposes of taxation, the common provisions of the ICE Code shall apply, as well as those contained in the following specific regimes, when applicable:

- **Tax regime on alcohol** – This taxation regime applies to non-denatured ethylic alcohol, with an alcoholic content in volume greater than or equal to 80% and to ethylic alcohol and composed and de-natured alcoholic preparation, with any alcohol level (the goods are detailed in table 5.1.9).
Art. 8 of the ICE Code
- **Tax regime for alcoholic beer, wines and other alcoholic beverages** – This taxation regime applies to the following described products (the goods are detailed in table 5.1.9):
 - Beer containing alcohol; Art. 16 of the ICE Code
 - Wine, including sparkling wine;
 - Other fermented beverages;
 - Intermediary products;
 - Brandy, liquors and other spirits.
- **Tax regime on tobacco** – This taxation regime applies to the following manufactured tobacco contained in the Table (see section 5.1.9).
Art. 21 of the ICE Code
 - Cigars and cigarillos containing tobacco:
 - Cigarettes containing tobacco;
 - Tobacco to smoke, even when containing tobacco substitutes, in whatever proportion;
 - Tobacco “homogenized” or “reconstituted”.
- **Tax regime on motor vehicles** – This taxation regime applies to light passenger vehicles, including multi purposes vehicles (light and cargo), racing vehicles and others mainly conceived
Art. 27,28 of the ICE Code

for the transport of people, excluding caravans, admitted¹ or imported² new or second hand, including those assembled or manufactured in Mozambique and which are to be registered in Mozambique.

The following vehicles are covered by the ICE:

- all-terrain vehicles light cargo vehicles derived from light passenger vehicles (see glossary);
 - light passenger vans (see glossary);
 - motorcycles with or without a car
- } with a capacity greater than 250 cm³

The ICE is further levied on motor vehicles:

- which registration is to be amended (after cancellation of the initial registration at the relevant entity), irrespective of the vehicles having or not been transformed;
- imported or admitted, which were subjected to alterations, namely alterations in cylinder capacity, alteration of structural elements or transformation of cargo vehicles into passenger vehicles or passenger and cargo vehicles;
- with respect to which any special exemption regime is cancelled and are introduced in the national market due to such reason.

However, alcoholic beverages, processed tobacco and perfumes are **not subject to ICE** in the national territory, when imported by individuals in their hand luggage and in the following quantities:

Art. 4 of the ICE Code

Product	Maximum quantities:
Spirits	Up to 1.5 l per traveller ⁽¹⁾
Wines	Up to 2.25 l per traveller ⁽¹⁾
Tobacco	Up to 200 cigarettes, or 100 cigarillos, or 50 cigars, or 250 gr. of smoking tobacco ⁽¹⁾
Perfume	50 ml
Eau de cologne	250 ml

⁽¹⁾ Only applicable to individuals over 18 years of age

Note that, although the referred goods are not subject to ICE, they are however subjected to VAT.

4.1.2 Who are the taxpayers?

The taxpayers are:

Art. 9, 17 & 22 of the ICE Code

¹ Admission means the production or introduction for domestic consumption, the moment in which the vehicles are available in the national market after the payment of the ICE. The following are considered admission, the entry in the domestic consumption of motor vehicles existing in the national territory under special tax regimen, including those manufactured in Mozambique that are to have definitive license plate.

² Imported vehicles are those originating in foreign countries that are introduced in the national market in the terms of the customs legislation.

- Individuals, corporations or other entities holding by any title, production, treatment, packaging or storage facilities of goods that are subject to tax or which are held for trading purposes;
- Single or collective persons that introduce in the consumption goods subject to ICE.
- The importers of those goods;
- Entities that hold, trade or transport goods in breach of the legal norms in force;
- Those selling at auctions, public sales, judicial sales or in administrative proceedings.

4.1.3 What are goods destined for trading purposes?

Art. 3 of the ICE Code

In order to assess that the goods are for trading purposes, there must be duly justified criteria, namely the following:

- The commercial status and the reasons for holding the goods;
- The place where the products are found or the form used for their transport;
- Any document related to the product;
- The nature of the product;
- The quantity of the product. The product is only considered to be destined for trading purposes when the following quantities are exceeded:

Tobacco:		Alcoholic beverages:	
Cigarettes	600 units	Spirits with alcoholic content higher than 8,5% vol.	10 lt
Cigarillos	300 units	Liquors and other alcoholic beverages with alcoholic content lower than 8.5% vol.	20 lt
Cigars	150 units	Wines (sparkling)	60 lt
Tobacco for smoking	1 kg	Wines (other)	30 lt
		Beer	50 lt

4.1.4 What triggers ICE?

Art. 2 of the ICE Code

The goods contained in the table referred in section 5.1.9 are subject to taxation from the **moment of their manufacturing** in the national territory or their **importation**.

For this purpose, a good is considered to have been imported when it enters the national territory or, in the case of goods under special customs regimes, the moment they exit such regime.

Over and above these general provisions, the specific regime adds:

Specific Regime	Generating factor	Article of the ICE Code
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Specific Regime	Generating factor	Article of the ICE Code
Alcohol	At the time they are introduced for consumption	10
Tobacco	If a public sale or auction takes place, in the case of judicial sale or administrative procedure	23
Motor vehicles	<ul style="list-style-type: none"> ▪ In the case of importation of motor vehicles without license plate by registered operators, the obligation of the tax arises when the customs clearing documents are submitted to the competent customs department for the respective number allocation; ▪ In the case of importation or admission of motor vehicles that at a later stage are subject to alterations of the cylinder capacity, alterations to the structural elements or the transformation of cargo vehicles into passenger vehicles or into cargo and passenger vehicles, the obligation of the tax arises: <ul style="list-style-type: none"> - At the moment of the alteration of the engine, involving the payment of the amounts that results from the difference between the ICE payable, taking into consideration the years of use of the vehicle and the ICE paid at the time the goods were introduced for domestic consumption; - At the moment of alterations to the chassis, involving payment of the total ICE. 	30

Note that, under the new ICE Code, it became compulsory the establishment of warehouses under special customs regimen, before the initiation of activity, in the case of activity in factories producing goods subject to tax.

4.1.5 When does to ICE become payable?

Art. 3 & 23 of the ICE

ICE becomes payable at the time of the introduction of the goods in consumption, i.e., when:

- The manufactured product exits the production unit in condition to be traded, according to the common practice for that or similar product;
- The good is imported according to the customs legislation;
- The finished product leaves the warehouse under the customs regimen to be consumed domestically;
- The products are held in the national territory for trading purposes, without proof of the payment of the tax, in the case of alcohol, beer, wines and alcoholic drinks and manufactured tobacco;
- A public sale or auction takes place, judicial sale or sale under an administrative procedure.

Under the specific tax regime applicable to alcohol, the tax is further payable when there are losses in the manufacturing unit or fiscal warehouse, by leakage, fire or other fact, in which case the taxable base is determined by the difference between the assessed and actual inventory, deducted from the acceptable losses or shortages.

Art. 11 & 15 of the ICE Code

At the time of inspection, acceptable inventory shortages or losses are the difference between the amounts contained in the inventory and those in the warehouse, with the limit of 7.5% of the volume of alcohol and its derivatives. Whenever the referred limit is exceeded, the shortages or losses are considered as manufactured products and to have exited the manufacturing unit or the bonded warehouse or as self-consumption, resulting in the assessment and payment of the respective tax and the opening of tax non adherence procedure.

4.1.6 What are the exemptions?

Art. 7 of the ICE Code

The following goods are exempt from ICE:

Special Regime	Exemption	Articles of the ICE Code
Alcohol	<ul style="list-style-type: none"> ▪ Alcohol for industrial use or purposes; ▪ Alcohol destined for self-consumption by hospitals or other private or public health facilities; ▪ Alcohol destined for testing and scientific investigation; ▪ Alcohol destined to be exported or equivalent, excluding on board supplies; ▪ Denatured alcohol to which turpentine or petroleum and green malachite or methylene blue have been added to, in the proportions of 2 lt and 2 gr. for each 100 lt of alcohol with minimum alcoholic content of 80% vol., respectively. 	12
Beer with alcohol, wines and other alcoholic drinks	<ul style="list-style-type: none"> ▪ Those used in: <ul style="list-style-type: none"> - manufacturing of products that are unfit for human consumption, provided that the same have been denatured; - In the production of vinegar for human consumption; - In the production of aromas destined for the preparation of food products and non-alcoholic beverages with the acquired alcoholic content not exceeding 1.2% vol.; - In production processes, provided that the final product does not contain alcohol; - In the production of syrups of the pharmaceutical industry; - As a sample for analysis and testing by official entities for the undertaking of specific trials. ▪ Alcoholic beverages that are destroyed or made useless under customs supervision, as well those destined to be exported. 	18
Manufactured tobacco and its substitutes	<ul style="list-style-type: none"> ▪ Manufactured tobacco that is exported and duly proved; ▪ Manufactured tobacco to be supplied as on board provisions, provided that the following cumulative conditions are met: <ul style="list-style-type: none"> - The tobacco is destined to be consumed on board of national or foreign boats or aircrafts or registered abroad, which operate between national ports or exclusively from those; - Consumption takes place outside the physical national space; - The tobacco supplied is limited to 2 packets of cigarettes per person and day of travel; - The tobacco supplied is stored in a space sealed by the customs authorities. ▪ Manufactured tobacco is destined to be sold in duty free shops; ▪ Denatured tobacco used for industrial or horticultural purposes; ▪ Tobacco destroyed under administrative control; ▪ Tobacco destined for scientific tests or product quality; ▪ Tobacco recycled by the producer under verification by the competent authorities. 	24
Motor vehicles	<ul style="list-style-type: none"> ▪ Fire fighting vehicles acquired by fire fighting associations and corporations (by means of the presentation of a statement issued by the services that are competent for licensing of the fire-fighters); 	32

Special Regime	Exemption	Articles of the ICE Code
	<ul style="list-style-type: none"> ▪ Vehicles imported for ambulance services by entities that are expressly authorized for this purpose; ▪ Vehicles acquired by the military, militarized or public security forces, when exclusively destined for the undertaking of powers of authority. 	

It should be referred that, under the new ICE Code, there is no tax exemption for the goods exempted of VAT.

4.1.7 What are the rates of the tax?

Art. 5 of the ICE Code

The ICE rates are contained in the following tables.

For certain goods included in the table, *ad valorem* (depending on the value of the good) rates are applicable, which should be complemented with the minimum tax value due by specific tax unit established in the table. However, the minimum value of the tax should only be considered if, as a result of its application, the value of the tax is higher than that determined by applying the *ad valorem* rates.

Code	Designation of the goods	Rates	Minimum tax value per unit of specific taxation
2203.00.00	Beer made from malt	40%	
22.04	Wine from fresh grapes including wines fortified with alcohol; grape must, excluding those referred in nº 20.09		
2204.10.00	Sparkling wines	55%	50Mt/L
	Other wines; grape must which fermentation has been prevented or interrupted by addition of alcohol :		
2204.21.00	– In containers with capacity not exceeding 2 litres	55%	50Mt/L
2204.29.00	– Other	55%	50Mt/L
22.05	Vermouth and other fresh grape wine with aroma from plants or aromatic substances:		
2205.10.00	– In containers with capacity not exceeding 2 litres	55%	50Mt/L
2205.90.00	– Other	55%	50Mt/L
2206	Other fermented beverages (for example: cider, perry, mead); mixture of fermented beverages and mixture of beverages with non-alcoholic beverages, not specified or included elsewhere.		
2206.00.90	– Other	40%	
22.07	Undenatured ethyl alcohol with an alcoholic content equal or higher in volume than 80% vol.; ethylic alcohol and spirits undenatured of any alcoholic content.		
2207.1	– Ethylic alcohol undenatured, of an alcoholic content with a volume equal or higher than 80%:		
2207.10.90	– For other purposes	40%	
2207.20.00	– Ethylic alcohol and spirits, undenatured, with any alcohol content	65%	
22.08	Not-undenatured ethylic alcohol, of an alcoholic content with a volume of less than 80% vol.; spirits, liqueur and other spirituous beverages:		
2208.20.00	Spirits obtained by distilling grape wine or grape pulp	65%	120Mt/L
2208.30.00	Whiskies.....	65%	120Mt/L
2208.40.00	Rum and tafia	65%	100Mt/L
2208.50.00	Gin and genebra	65%	100Mt/L
2208.60.00	Vodka	65%	100Mt/L
2208.70.00	Liqueurs	55%	100Mt/L

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Code	Designation of the goods	Rates	Minimum tax value per unit of specific taxation
2208.90	Other:		
2208.90.10	– Alcoholic beverages with an alcoholic content not higher than 8.5% vol.....	55%	
2208.90.90	– Other.....	65%	
23.09	Preparations of the type used in animal feeding:		
2309.10.00	Dog and cat food, packaged for retail selling.....	30%	
24.02	Cigars, cigarillos and cigarettes from tobacco or its substitutes:		
2402.10.00	Cigars and cigarillos containing tobacco.....	<u>75%</u>	300 Mt/thousand
2402.20.00	Cigarettes containing tobacco.....	<u>a)</u>	<u>a)</u>
2402.90.00	Other.....	<u>75%</u>	300 Mt/thousand
24.03	Other tobacco and substitutes manufactured products; “homogenized” or “reconstituted” tobacco; tobacco extracts and tobacco bunch:		
2403.10.00	Tobacco for smoking, whether or not containing tobacco substitutes, in any proportion.....	75%	
	Other:		
2403.91.00	– Homogenized” or “reconstituted” tobacco.....	75%	
2403.99.00	– Other.....	75%	
3303.00.00	Parfumes and eau de cologne	30%	
33.04	Beauty and make-up products prepared and preparation for skin maintenance or care (other than medicines), including sunscreen and suntan lotions,; manicure or pedicure preparations:		
3304.10.00	Make-up products for lips.....	30%	
3304.20.00	Make-up products for eyes.....	30%	
3304.30.00	Preparations for manicurists and pedicurists.....	30%	
	Other:		
3304.91.00	– Powder, including compact.....	30%	
3304.99.00	– Other.....	30%	
33.05	Hair products:		
3305.10.00	Shampoos.....	15%	
3305.20.00	Preparations for permanent waving and straightening of the hair	30%	
3305.30.00	Hair spray.....	30%	
3305.90.00	Other.....	30%	
33.07	Pre- shaving, shaving or after shaving preparations, body deodorants, bath products and other perfume products, cosmetic or toiletries, not specified or included elsewhere; prepared room deodorizers, even if not perfumed, with or without disinfectant properties:		
3307.30.00	Perfumed salts and other bath products.....	30%	
	Products to perfume or deodorize rooms, including odoriferous fragrant products for religious uses:		
3307.41.00	– Agarbate and other scented products which are used by burning.....	30%	
3307.49.00	– Other.....	30%	
3307.90.00	Other.....	30%	
43.03	Clothing, its accessories and other of skins with fur:		
4303.10.00	– Clothing and its accessories.....	30%	
4303.90.00	– Other.....	30%	
4304.00.00	Skins with fur, artificial, and its products.....	30%	
67.02	Flowers, foliage and fruits, artificial, and its components; items prepared with flowers, foliage and fruit, artificial:		
6702.10.00	Made of plastic.....	15%	
6702.90.00	Made of other materials	15%	
71.01	Natural or cultured pearls, even if processed or assembled, but not strung, nor mounted nor engraved; natural or cultured pearls, not combined, temporarily strung for convenience of transport:		

MANUAL ON TAXES INCLUDED IN THE NATIONAL AND MUNICIPAL TAX SYSTEMS

Code	Designation of the goods	Rates	Minimum tax value per unit of specific taxation
7101.10.00	Natural pearls.....	50%	
	Culture pearls:		
7101.21.00	– Plain.....	50%	
7101.22.00	– Worked.....	50%	
71.02	Diamonds, even if worked, but not mounted nor engraved:		
7102.10.00	Unsorted.....	50%	
	Not industrial:		
7102.31.00	– Plain or simply sawn, cleaved or pruned.....	50%	
7102.39.00	– Other.....	50%	
71.03	Precious stones (except diamonds) or semi-precious, even if worked or combined, but not strung nor engraved; precious stones (except diamonds) or semi-precious, not combined, temporarily strung for convenience of transport:		
7103.10.00	Plain or simply sawn cleaved or pruned.....	50%	
	Otherwise worked:		
7103.91.00	– Rubies, sapphires and emeralds.....	50%	
7103.99.00	– Other.....	50%	
71.04	Synthetic or reconstructed stones, even if worked or combined, but not strung, nor mounted, nor engraved; synthetic or reconstructed stones, not combined, temporarily strung for convenience of transport:		
7104.90.00	Other.....	50%	
7107.00.00	Common metals manufactured or plated with silver, in unwrought form or semi-manufactured.....	50%	
71.08	Gold (including plated gold), in unwrought for more semi-manufactured, or in powder form:		
	Not for monetary uses:		
7108.11.00	– Powder form.....	50%	
7108.12.00	– I other unwrought form.....	50%	
7108.13.00	– In other semi-manufactured form.....	50%	
71.09.00.00	Common metal or silver foliated or platinized gold, in unwrought form or semi-manufactured	50%	
71.10	Platinum, in unwrought, semi-manufactured, or in powder form:		
	Platinum:		
7110.11.00	– In unwrought form or in powder form.....	50%	
7110.19.00	– Other.....	50%	
	– Palladium:		
7110.21.00	– In unwrought form or in powder form.....	50%	
7110.29.00	– Other.....	50%	
	Rhodium:		
7110.31.00	– In unwrought form or in powder form.....	50%	
7110.39.00	– – Other.....	50%	
	Iridium, osmium and ruthenium:		
7110.41.00	– In unwrought form or in powder form.....	50%	
7110.49.00	– Other.....	50%	
7111.00.00	Base metals, silver or gold, manufactured or plated, in unwrought form or semi-manufactured.....	50%	
71.13	Jewellery artefacts and its parts of precious metals or clad with precious metals:		
	Of precious metals, whether or not plated or clad with precious metals:		
7113.11.00	– of silver, whether or not plated or clad with other precious metals	50%	
7113.19.00	– of other precious metals, whether or not plated or clad with precious metals	50%	
7113.20.00	Of base metal clad with precious metals.....	50%	
71.14	Goldsmith's artefacts and its parts of precious metals or of metal clad with precious metals:		

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Code	Designation of the goods	Rates	Minimum tax value per unit of specific taxation
	Of precious metals, whether or not plated or clad with precious metals:		
7114.11.00	– of silver, whether or not plated or clad with other precious metals.....	50%	
7114.19.00	– of other precious metals, whether or not plated or clad with precious metals.....	50%	
7114.20.00	Of base metal clad with precious metals.....	50%	
71.15	Other articles made of precious metals or of metal clad with precious metals:		
7115.90.00	Other.....	50%	
71.16	Articles of cultured or natural pearls, precious or semi-precious stones, synthetic or reconstructed stones:		
7116.10.00	Made from cultured or natural pearls.....	50%	
7116.20.00	Made of precious or semi-precious stones, or synthetic or reconstructed stones.....	50%	
71.17	Imitation jewellery:		
	Base of metals, whether or not plated or prated with precious metals:		
7117.11.00	– Cufflinks and studs.....	15%	
7117.19.00	– Other.....	15%	
7117.90.00	Other.....	15%	
71.18	Coins:		
7118.10.00	Coins not legally in circulation, except if made of gold	15%	
87.02	Motor vehicles for the transport of ten or more people, including driver:		
	<i>Note: Seating capacity is determined by the specification of the manufacture and catalogue and no alterations made will be considered for customs purposes.</i>		
	With compression-ignition internal combustion piston engine (diesel or semi-diesel):		
8702.10.10	– SUV type four wheel drive.....	35%	
8702.9	Other:		
8702.90.10	– SUV type four wheel drive.....	35%	
87.03	Vehicles for passengers and other vehicles principally designed for the transportation of persons (other than those referred in n.º 87.02), including station wagons and racing cars:		
8703.10.10	Vehicles especially designed to drive on snow; especial vehicles to transport people on golf courses and similar vehicles Other vehicles with spark ignition alternative combustion piston engine:	15%	
8703.21.00	– Of a cylinder capacity not exceeding 1 500 cm3.....	5%	
8703.22.00	– Of a cylinder capacity exceeding 1 000 but not higher than 1 500 cm3	15%	
8703.23	– Of a cylinder capacity exceeding 1 500 but not higher than 3 000 cm3:		
8703.23.90	Other.....	35%	
8703.24	– Of a cylinder capacity exceeding 3 000 cm3:		
8703.24.90	– Other.....	40%	
	Other vehicles with compression ignition internal combustion piston engine (diesel or semi-diesel):		
8703.31.00	– Of a cylinder capacity not exceeding 1 500 cm3.....	5%	
8703.32	Of a cylinder capacity exceeding 1 500 but not higher than 2 500 cm3:		
8703.32.90	– Other.....	35%	
8703.33	Of a cylinder capacity exceeding 2500 cm3:		
8703.33.90	– Other.....	35%	
8703.90.00	Other.....	35%	
87.04	Motor vehicles for the transport of goods:		

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Code	Designation of the goods	Rates	Minimum tax value per unit of specific taxation
8704.21	With a gross weight not exceeding 5 tons:		
8704.21.10	– Double cabin pickup of a cylinder capacity lower than 3200 cm ³	30%	
8704.21.20	– Double cabin pickup of a cylinder capacity exceeding 3200 cm ³	30%	
8704.31	Of a gross weight exceeding 5 tons:		
8704.31.10	– Double cab pickup.....	30%	
87.11	Motorcycles (including mopeds) and cycles fitted with an auxiliary motor, even with side cars:		
8711.30.00	With internal combustion piston engine of a cylinder capacity exceeding 250 cm ³ but not higher than 500 cm ³	15%	
8711.40.00	With internal combustion piston engine of a cylinder capacity exceeding 500 cm ³ but not higher than 800 cm ³	35%	
8711.50.00	With internal combustion piston engine of a cylinder capacity exceeding 800 cm ³	35%	
8711.90.90	– Other.....	35%	
87.16	Trailer and semi-trailers for any vehicles; other vehicles not mechanically propelled; and their parts:		
8716.10.00	Trailer and semi-trailers caravan type for housing or camping ..	15%	
88.01	Balloons and drones, gliders, hang-glider and other aircrafts not designed to move by propulsion:		
8801.10.00	Gliders and hang-gliers.....	35%	
8801.9	Other:		
8801.90.10	– For transportation of persons transport.....	35%	
8801.90.20	– For advertising.....	35%	
89.03	Yachts and other boats and recreational or sport vessels; row boats and canoes:		
	Other:		
8903.91	Sailboats even with auxiliary engine:		
8903.91.20	– Sailboats with auxiliary engine.....	35%	
8903.92.00	– Motor boats, other than outboard motor boats.....	35%	
93.03	Other firearms and similar devices which operate by the firing of an explosive charge (e.g.: sporting shot guns and rifles, muzzle-loading firearms very pistols and other devises designed to project only signal flares, pistols and revolvers for firing blank ammunitions, bolt action, line throwing guns):		
9303.10.00	Muzzle loading fire arms.....	30%	
9303.20.00	Others Sporting, hunting or targets shooting shot guns.....	30%	
9303.30.00	Others Sporting, hunting or targets shooting riffles	30%	
9303.90.00	Other.....	30%	
9304.00.00	Other fire arms (e.g. rifles, shot guns and pistols, spring, air gun or gas), except those referred in n.°93.07	30%	
97.01	Paintings and drawings, executed entirely by hand, except drawings under heading n.°49.06 and manufactured articles hand-decorated; collages and similar decorative plaques:		
9701.10.00	Paintings, pastels and drawings.....	30%	
9701.90.00	Other.....	30%	
9702.00.00	Original engravings, prints and lithographs.....	30%	
9703.00.00	Original sculptures and statuary, in any material.....	30%	
97.06.00	Antiques older than 100 years.....	30%	

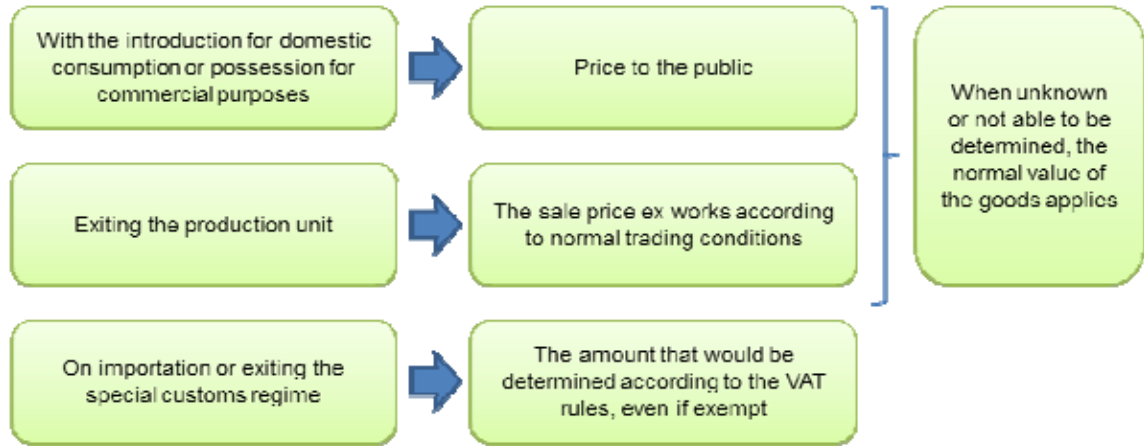
For the goods in position in the Customs Tariffs under 2402.20.00 (cigarettes containing tobacco) the following rates are applicable:

	Category	PVP (Mt Pack)	Specific Rate
A	Hard pack	-	300,00MT/thousand cigarettes
B	Light pack	≥ 41,00	260,00MT/ thousand cigarettes
C		< 41,00	120,00MT/ thousand cigarettes

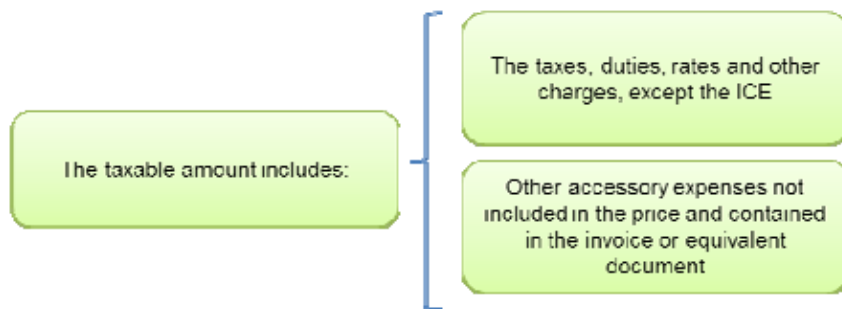
4.1.8 What is the taxable base?

The taxable base, i.e. the amount on which the ICE is levied is:

Art. 6 of the ICE Code



Normal price of goods is the price plus the elements that comprise the taxable amount (see scheme below), when they are not included in the price, that a purchaser would have to pay in normal business conditions to an independent supplier, at the time and place where the transaction is effected or as close as possible.



4.1.9 Who is responsible for assessing the tax?

Art. 7 of the ICE Code

The following entities and individuals are responsible for the assessment and collection of the tax:

- Relevant services of Tax Authority in the case where the tax is levied on goods imported into Mozambique or manufactured in units in a special customs regime or products brought to market under customs control¹;
- Self-assessment made by the taxable person in an appropriate form where the tax is levied on goods manufactured in the country outside the special customs regimes.

The referred return shall be submitted to the Treasury of the Tax Department of residence, head offices, domicile or permanent establishment of the taxpayer.

4.1.10 What are the deadlines for the payment of the ICE?

Art. 4 of the ICE Code

When the ICE is assessed by the taxpayer, the taxpayer must pay the

¹ The assessment of the ICE is made together with the duties and other charges, when applicable, in terms of the customs legislation.

tax by the end of the month following the one in which the tax becomes due (i.e. following the month in which the transaction occurs).

4.1.11 What are the procedures for invoicing and registration?

Invoices or equivalent documents shall be processed for each of the transactions referred to in section 5.1.5, according with the norms established in the VAT Code.

Art. 5 of the ICE Code

For importation of goods, ICE paid shall be contained in the respective customs clearing documents ("*Bilhete de Despacho*") of the imported goods.

With respect to the registration of those transactions, the procedure must be carried out by the taxpayer in a specific book approved for this purpose, showing evidence of the following in relation to the goods transacted and for each month:

- The balance of quantities from previous month;
- Manufactured quantities;
- Exported quantities;
- Quantities transacted in the domestic market;
- Quantities sold for other industries or incorporation in goods manufactured by them;
- The quantities acquired for the respective industry or incorporation of the goods manufactured by it;
- Quantities consumed during manufacture;
- Quantities in warehouse or deposit and which are carried forward to the following month;
- The production coefficient;
- The evidence of losses;
- The average price at the gate of the production unit, per tax unit; and
- The tables with the daily production.



Books and documents shall be kept in good and chronological order for a **minimum period of 5 years**.

4.1.12 What are the procedures in cases of importation of registered vehicles?

Art. 31 of the ICE Code

The importers of registered motor vehicles with number plates shall request the customs post to issue them a document allowing the vehicles to circulate within the national territory and effect the payment of the tax according to be regulated.

4.1.13 Who is responsible for the inspection?

The respective tax department is responsible for the inspection of the

Art.7 of the ICE Reg.

compliance of the obligations imposed by the Specific Consumption Tax Code.

It is noted that with respect to the production and / or bringing to market of spirits, beer with alcohol, alcohol, wines and processed tobacco, it can only occur in **production units under special production regime** or under customs control, to be granted by means of proof that this kind of activity is authorised by the Ministries of Industry and Trading, and of Health;

4.1.14 When is the control stamp demanded?

Art. 6 do RICE

The use of the control stamp is compulsory for the following goods, when subject to tax:

- Malt beer (customs tariff 22.03);
- Fresh grape wines, including wines enriched with alcohol; grape musts (customs tariff 22.04);
- Vermouths and other fresh grape wines aromatized with plants or aromatic substances (customs tariff 22.05);
- Ethylic alcohol not-denatured, with less than 80% vol., spirits, liquors and other spirit beverages (customs tariff 22.08); and
- Cigars, cigarillos and cigarettes made of tobacco or of its substitutes (customs tariff 22.02);

The control stamp should be acquired by the entities that import or produce the goods subject to sealing, in conditions and form to be determined in specific regulation¹.

4.1.15 In which circumstances can proof of payment of the ICE be demanded outside the scope of an inspection?

Art. 16 of the ICE Reg.

The specific regime for motor vehicles defines that proof of payment of the tax must be presented:

- With the official registration of the collection, guarantee or exemption from payment, whenever new or second hand vehicles need to be registered;

Note that light or heavy vehicles and motorcycles can only be registered by the department of motor vehicles (or its local branches), by means of proof of payment or exemption from customs duties, ICE and VAT).

- In the case of transformation of the nature of the motor vehicles which determines its inclusion in a type of vehicle subject to ICE. Legalization is made by the previously referred entities.
- In the case of vehicles with license plates that have been cancelled by the competent entities and are licensed again.

4.1.16 What are the guarantees for taxpayers?

Art. 8 do RICE

The taxable persons and their representatives and persons jointly or

¹ The Regulation on the Use of the Control Stamp for Alcoholic Beverages, approved by Ministerial Decree n° 25/2008, dated 2 April should be observed (except when contrary to the ICE Code and related regulation)

alternatively liable for the payment of tax may claim against the respective liquidation or contest it in the terms and arguments established in the law ruling the general principles and norms of the Mozambican juridical tax framework (Law n° 2/2006 of 22 March).

4.1.17 Penalties for customs offenses

The following table contains a summary of the penalties contained in the Law of the Legal Taxation Ordinance (Law n. 2/2006, dated 22nd March) in what refers to customs offenses.

Note that:

- The grading of the respective penalties take into consideration the seriousness of the breach, the amount of the tax due and the remaining circumstances specific to the case;
- The application of the penalties does not release the taxpayer from the payment of the tax and related interest due.

Infraction/transgression	Penalties	Notes
Smuggling ⁽¹⁾	30.000 to 100.000.000 MT (without prejudice of any compensation for losses and damage)	In case of relapse or accumulation of infractions there will be fine plus imprisonment up to 2 years.
Duty Evasion ⁽²⁾	20.000 to 60.000.000 MT	In the circumstances foreseen in article 214 of Law n.º2/2006, dated 22 nd of March, penalties shall be augmented with imprisonment from 2 to 8 years or with a fine from 50.000 to 100.000.000 MT
Fraudulent introduction in consumption ⁽³⁾	20.000 to 60.000.000 MT	
Undue withholding of revenue allocated to the customs administration charged to the consumer or purchaser ⁽⁴⁾	15.000 to 300.000 MT or 500.000 to 3.000.000 MT, when the tax not paid is higher than 500.000 MT	
Refusal or obstruction to the inspection or investigation by the fiscal customs authorities ⁽⁵⁾	25.000 to 350.000 MT	
Breaking of seals ⁽⁶⁾	15.000 to 300.000 MT	
Fraud with fiscal customs guarantees ⁽⁷⁾	Imprisonment up to 2 years and with fine of 30.000 to 500.000 MT (without prejudice of the duty to replace the goods)	

(1) **Smuggling** is any fraudulent action or omission with the objective of bringing into the Mozambican customs territory or exiting the same, any goods or merchandise without going through customs (art. 204 and 205 of Law n° 2/2006, dated 22nd of March).

(2) **Duty evasion** is any fraudulent action or omission which has the objective of removing from customs or passing through it any merchandise without submitting the same to the competent clearing process or through a clearing process with false indications, in order to obtain the entry or exit of merchandise which importation or exportation is prohibited or avoid the total or partial payment of duties due on the importation or exportation (art. 206 & 207 of Law n° 2/2006, dated 22nd of March).

- (3) **Fraudulent introduction in consumption**, whoever frees himself of the payment of the ICE levied on alcohol, tobacco and motor vehicles, introducing taxable products in the consumption (art. 208 of Law n° 2/2006, dated 22nd of March).
- (4) **Undue withholding of revenue allocated to the customs administration** whoever who has the legal obligation to deliver to the customs authorities the revenue of the ICE, effectively charged at the exit of the product from the place of manufacture making, withholds the same or does not make payment within the legally established period (art. 213 of Law n° 2/2006, dated 22nd of March).
- (5) **Refusal to allow or obstructing an inspection or investigation** by the customs taxation authorities, whoever refuses to present the respective accounting records, any documents, papers, books, objects or merchandise owned by him/her or in their possession and which presentation is demanded by the inspecting authority or by the authority carried out the investigation within the scope of a tax process, as well as who prevents or renders difficult any inspection or examination ordered by those authorities (art. 215 of Law n° 2/2006, dated 22nd of March).
- (6) **Breaking of seals** whoever opens, tears or does not utilize, total or partially, seals prescribed in the customs legislation, appended by the competent official, to identify, insure or keep inviolable merchandise subject or inspection or to certify that the same was subjected to attachment, seized or other urgent measure (art. 216 of Law n° 2/2006, dated 22nd of March).
- (7) **Fraud with customs guarantees** whoever, whether an owner, depository or transporter of any merchandise seized in the terms of the law, destroys it, damages or makes it unusable during or after seizure, as well as after becoming aware of the opening, against him/her or another person, of a process for a customs crime or contravention (art. 209 of Law n° 2/2006, dated 22nd of March).



In terms of tax violations, the penalties are established in the tax violations regimen approved by Decree n° 46/2002, dated 26th December.

4.2 Stamp Duty

This tax is regulated by the Code of Stamp Duty and the Table, approved by Decree n° 6/2004, dated 1st of April which came into force on the 1st July of 2004, as amended by Decree n° 38/2005, dated 29th of August.

4.2.1 What is the scope of application or incidence?

Art. 1 & 4 of the Stamp Duty Code

Stamp Duty is levied on all documents, contracts, books, papers and acts described in the Table contained in section 5.2.5 provided that they are issued, entered into or undertaken in the national territory.

However, the following are also subject to Stamp Duty:

- Documents, acts or contracts issued or entered into outside the national territory, under the same terms these would have been if entered or issued in the national territory, when presented in Mozambique for any legal purposes;

- Credit transactions realized and guarantees issued to any entities with head offices abroad and irrespective of their nature or by branches abroad of entities domiciled in the national territory to any entities with residence¹ in the national territory;
- The interest, commissions and other charges by credit institutions or financial companies with head offices abroad or by branches abroad of entities with domicile in the national territory to any entities with domicile in the national territory.

Transactions that are subject to VAT and not exempt from it are not subject to Stamp Duty.

4.2.2 Who are the taxpayers?

Art. 2 & 4 of the Stamp Duty Code

The taxpayers of the Stamp Duty are the **entities with economic interest** that bear the respective cost and in the case of joint economic interest the tax is divided proportionally amongst the parties.

In the following scheme the entities / persons to who the economic interest belongs are identified for each situation:



¹ It is resident an headquarter, branch or permanent establishment.

Besides the taxpayers identified above, the **tax substitutes** are also taxpayers, i.e. entities that are legally liable for the assessment and payment of the tax as referred in section 5.2.7.

4.2.3 What are the exemptions?

4.2.3.1 Exemptions related to the subject

Art. 5 to 7 of the Stamp Duty Code

Subjective exemptions are exemptions granted taking into consideration the entities that undertake the transactions (subjects).

Thus, the following entities are exempt from Stamp Duty:

- The State;
- Municipalities and their associations and federations of municipalities;
- Social security and providence institutions;
- Public utility associations¹ duly recognized;
- Mere public utility associations which main purposes are scientific or cultural, charity, assistance or beneficence.

4.2.3.2 Objective exemptions

Objective exemptions are those granted taking the type of act into account.

Thus, the following table identified the acts that are exempt from Stamp Duty:

Acts exempt from Stamp Duty:
▪ Reinsurance policies issued by companies legally operating in Mozambique
▪ "Life" and "Health" insurance policies
▪ Any contracts within the scope of term transactions undertaken through the Mozambican Stock Exchange and which object is directly or indirectly debentures or stocks
▪ Loans issued to residents (including interest, commissions and guarantees provided) by Mozambican credit institutions or by funds legally created for industrial, agricultural, arboriculture, cattle-breeding, fishery and rural commerce purposes, in the national territory
▪ Loans (including interest) for the purchase, building, reconstruction or improvement of own residence ⁽¹⁾
▪ Loans with the characteristics of shareholder loans (including interest) from shareholders to the company for a period not less than one year and that are not reimbursed in less than a year ⁽¹⁾
▪ The incorporation and increase of share capital of companies
▪ The incorporation and increase of share capital resulting from the delivery by one or more companies of the total assets or of one or more business activities to one or more companies to be incorporated or already existing ⁽²⁾
▪ Public debt securities (treasury bills and notes) and respective interest, including their transfer, issued to finance the deficit of the State Budget and State Treasury, as well as of the Tax Administration (including transactions in the Interbank Monetary Market and the Interbank Exchange Market)
▪ The transfer of shares and "quotas" of companies, as well as bonds, when transferred in order for the same to be listed in the Mozambique Stock Exchange
▪ Guarantees to obligations, when materially accessory of contracts taxed under Stamp Duty and issued simultaneously with the guaranteed obligation, even if in a separate instrument
▪ Gambling bets, not subject to special gambling tax, when promoted by non-profit entities

¹ In the light of Law n.º 8/91, dated 18th of July which regulates the right to free association

Acts exempt from Stamp Duty:

- Financial leasing, as well as the guarantees and any other acts and documents forming part of the transaction
- Donations and division of immovable property (art. 3.2 and 3.3. of the Stamp Duty table) in favour of the spouse, descendants and ascendants
- Inventory processes relating to orphans, poverty acts, family councils and any other acts in the interest of minors or disabled, as well as processes filed by the State or by the Treasury, Department of Justice or any other beneficence establishment
- Precatory letter for the withdrawal of deposits provisionally made for bids or supplies not awarded to the depository, the withdrawal of court costs (in the case of fiscal executions), the withdrawal of bills that secure extractors and deposits made by the State when the same are withdrawn for a legal purpose other than delivering the same to non-official entities

- (1) A loan is that which has been contractually documented (credit from rentals), excluding credit in guaranteed current account, overdrafts, bills and promissory notes.
- (2) This exemption does not apply to a shareholder with a domicile in a territory subject to a clearly more favourable tax regime. For this purposes, the Corporate income Tax Code (IRPC Code) establishes that an individual or corporation is subject to a clearly more favourable tax regime when in the territory of residence the same is not subject under income tax or is subject to an effective rate equal or lower than 60% of the IRPC rate, i.e. $\leq 19,2\%$ ($=60\% \times 32\%$)¹.



Whenever there is an exemption it has to be indicated in the document or title referring to the legal basis for such an exemption.

4.2.4 What is the taxable value?

Art. 8 to 11 of the Stamp Duty Code

The taxable value of the Stamp Duty is the value contained in the Table transcribed in section 5.2.5. However the following must be taken into consideration:

- In contracts with an undetermined value, the value is determined by the parties, in the document that formalizes the same, based on criteria and elements that allow for the estimation of the economic value of the act;
- When the value of the contract is established as a price that will be effective on a future date, the tax will be paid according with the current price on the date of formalization of the act;
- In case there is no precedent or it is not possible to estimate the economic amount of the act, the tax will be a fixed amount of 5,000 MT;
- When the taxable value is determined by means of indirect methods, the rules of the income tax shall apply, with the necessary adjustments;
- When the elements necessary to the determination of the taxable value are expressed in foreign currency, the exchange rates, published by the Bank of Mozambique, on the date

¹ Taxpayers shall supply proof of the effective taxation rate when requested by the revenue Authorities.

of constitution of the tax obligation or, if there is no exchange rate on that date, the last exchange rate published prior to that date, shall apply;

- The equivalent in local currency of the values represented in kind shall be made according with the following rules and order:
 - By the official price;
 - By the official buying exchange rate;
 - By the market value in competition conditions.

Note that the value declared may be subject to corrections by the Tax Department in cases of contracts with an undetermined value or equivalent value in kind, whenever the adequate criteria have not been used or false elements are declared, without prejudice of other penalties.

4.2.5 What are the tax rates?

Art. 12 of the Stamp Duty Code

The rates are contained in the following table in force at the time the tax obligation arises, where:

- In the case of incorporation and increase of share capital resulting from the delivery of the total of the respective assets or of one or more activities, by a shareholder who is domiciled in a territory subject to clearly more favourable tax regime, the rate applicable on the amount of the share capital or increase is 0.4%;
- There cannot be accumulation of rates for the same act or document;
- In case more than one rate applies, the highest rate shall apply.

N.º art.	Incidence of the tax	Rates
1.	Shares of companies by shares and limited societies by shares and any titles representing the share capital of any company, as well as bonds, when transferred by simple delivery or endorsement, including those in which the State participates – on their value	0.4%
2.	Construction license:	
2.1	Works not exceeding the amount of 200.000 MT	500 MT
2.2	Works exceeding the amount of 200.000 MT	800 MT
3.	Acquisition of ownership rights or portions of rights on immovable property as well as the termination, nullification or dissolution of the respective contracts by mutual agreement:	
3.1	Purchase and sale, exchange and assignment of immovable property for a consideration – on their value	0.2%
3.2	Donations of immovable property between living people <i>inter vivos</i> – on their value	0.4%
3.3	Divisions of immovable property – on their value	0.2%
3.4	Other purchases of immovable property – on their value	0.2%
4.	Lease and sublease of immovable property:	
4.1	Lease and sublease of immovable property – on the highest amount of the rental established in the contract, corresponding to one month	2%
4.2	Lease and sublease of immovable property for periods of less than one month, without possibility of renewal or extension – on the amount of the rental or the increase defined for the period of duration	2%
4.3	Amendments involving the increase of rental as a result of the review of the contract clauses – on the highest increase corresponding to one month	2%
4.4	Promise of lease or sublease when followed by the delivery of the leased	2%

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N.º art.	Incidence of the tax	Rates
	property to the lessee or sub-lessee – on the amount of the rental corresponding to one month	
5	Documents prepared before courts and services, State establishments or organisms and municipalities, even if with legal personality, including public institutes, which comprise lease or auction of immovable property, guarantee or tax on donations and succession, assignments, agreement of interested parties on the sale of joint property, debt confession, personal guarantees, mortgage, pledge, liability for losses or damages and transactions – by each one	250 MT
6.	Credit cards issued by credit institutions with head offices or domicile in the national territory:	
6.1	If there is any payment due for each credit card issued, renewed or replaced –on the amount paid, which cannot be lower than 10 MT	4%
6.2	If there is no payment due – for each card	10 MT
7	Any cheques, issued by credit institutions with head offices or domicile in the national territory – for each one	50 cents
8.	Lending for use – on the value, when exceeding 5,000 MT	2%
9.	Civil deposit in any form – on the respective amount	0,2%
10.	Written contracts, addendums, agreements and conventions, not specifically foreseen in this table, including those entered before public entities	200 MT
11.	Exploration, prospecting and research of geological resources forming part of the public domain of the State – by each administrative contract	5,000 MT
12.	Guarantees for obligations, whatever their nature or form. Each extension of period is considered to be a new transaction:	
12.1	Surety, bond, personal guarantee, autonomous bank guarantee and guarantee insurance – on the respective value according with the period:	
12.1.1	Issued for less than one year – for each month or fraction	0.02%
12.1.2	Issued for a period equal to or exceeding one year	0.2%
12.1.3	Issued without a period or for a period equal or exceeding five years	0.3%
12.2	Mortgage and pledges – on the respective value	0.3%
12.3	Other guarantees of obligations	0.3%
13.	Gambling:	
13.1	Bets in games not subject to the special tax on gambling, namely those represented by tickets, bulletins, cards, matrixes, raffles or tombola, even when electronic processes are used – on the respective value:	
13.1.1	Mutual bets	5%
13.1.2	Other bets	5%
13.2	Cards / tickets of access to gambling establishments or equivalent documents in the terms of Law n.º 8/94, dated 14 th of December and respective regulations, even if the respective price is not due, it is dispensed with by the concessionaries or the approval of the same has not been requested – for each one:	
13.2.1	Entry cards for casinos under special license (club casinos):	
13.2.1.1.	C1, Valid for one day, on the value, which cannot be less than 50 MT	50%
13.2.1.2	C2, Valid for eight days, on the value, which cannot be less than 150 MT	50%
13.2.1.3	C3, Valid for one month, on the value, which cannot be lower than 300 MT	50%
13.2.1.4	C4, Valid for three months, on the value, which cannot be lower than 400 MT	50%
13.2.1.5	C5, Valid during the current year, on the value, which cannot be lower than 500 MT	50%
13.2.2	Entry tickets for casinos under exclusivity license (public casinos):	
13.2.2.1	B1, Valid for one day, on the value, which cannot be less than 20 MT	50%

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N.º art.	Incidence of the tax	Rates
13.2.2.2	B2, Valid for eight days, on the value, which cannot be less than 60 MT	50%
13.2.2.3	B3, Valid for one month, on the value, which cannot be lower than 120 MT	50%
13.2.2.4	B4, Valid for three months, on the value, which cannot be lower than 160 MT	50%
13.2.2.5	B5, Valid during the current year, on the value, which cannot be lower than 200 MT	50%
13.3	Awards from social amusement games:	
13.3.1	Lottery – on the amount	5%
13.3.2	Awards in remaining forms of social amusement games – on the amount	5%
14.	Licenses:	
14.1	For the operation of restaurants and alcoholic beverages establishments:	
14.1.1	Night clubs and other dancing establishments, namely bars and discotheques	2,500 MT
14.1.2	Other establishments	1,200 MT
14.2	For the installation of automatic vending machines for goods and services in public access places – for each machine	1,200 MT
14.3	Hunting licenses – on the amount of the fee	10%
14.4	Licenses for forest cutting for commercial or industrial purposes – on the amount of the fee	10%
14.5	Fishing licenses, except those for artisan fishing – on the amount of the fee	5%
14.6	Other licenses not specifically referred to in this table, granted by the State and municipalities or any of their services, establishments or organisms even if with legal personality, comprising public institutes, for each one:	
14.6.1	When any fee or charges are due on the issuing on the respective amount	5%
14.6.2	When no fees or charged are due	100 MT
15.	Compulsory accounting books in the terms of the Commercial Code and other commercial legislation – for each sheet	5 MT
16.	Brands and patents – on the value resulting from the fees due for all registrations and certificates	10%
17.	Notary and notary acts:	
17.1	Deeds, wills and other instruments issued in the books of the notary, including the private notaries – for each instrument	250 MT
17.2	Qualification of heirs and legatees – for each opened inheritance	100 MT
17.3	Instruments of opening and approval of wills, closed and international – for each one	250 MT
17.4	Powers of attorneys and other instruments relative to the granting of voluntary representation powers, including mandates and substitutions:	
17.4.1	Powers of attorney and other instruments that grant powers of voluntary representation – for each one:	
17.4.1.1	With powers of business management	300 MT
17.4.1.2	With any other powers	100 MT
17.4.2	Substitutions – for each one	50 MT
17.5	Registrations and documents presented to notaries for filing – for each registration	20 MT
18.	Customs transactions:	
18.1	Licenses of appointment and Professional Work Card of customs clearing agents:	
18.1.1	In personal capacity, as independent professionals	2,500 MT
18.1.2	As a shareholder, director or manager of a customs clearing agents	1,800 MT

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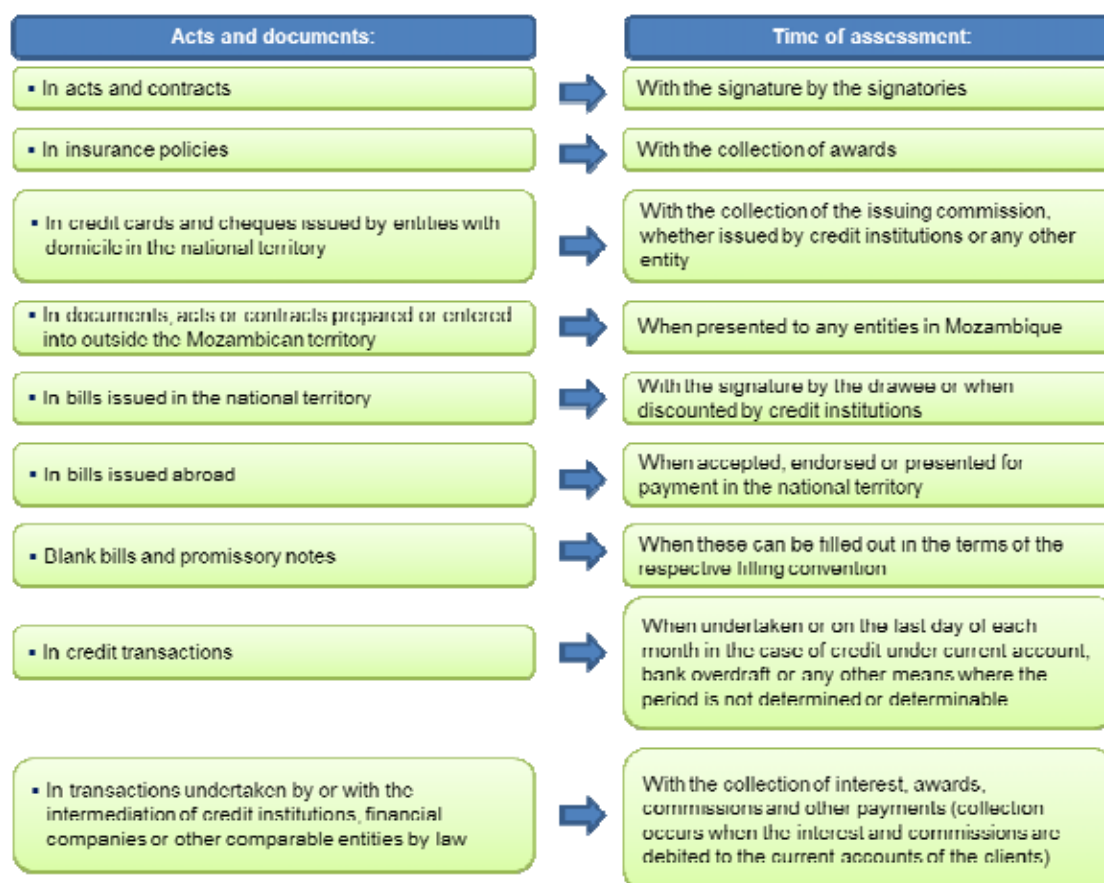
N.º art.	Incidence of the tax	Rates
	company	
18.1.3	As an employee of a company or other entity	1,200 MT
18.1.4	As forwarding agents	1,200 MT
18.14	Terms of personal guarantee or letters of credit by banks (this article includes letters of undertaking registered by ship captains or their legal representatives, as a guarantee for the lack of volumes for unloading)	0.5%
19.	Financial transactions:	
19.1	Use of credit under the form of funds, merchandise and other values, as a result of the granting of any credit, including credit opening, advancements, letters of credit, debt confessions, bank loans, loans, <i>factoring</i> , treasury transactions when involving financing, shareholders loans and any other transactions of use of credit, excluding the obligations referred to in article 1, always considering as new credit granting the extension of the contract period – on the value and according to the period:	
19.1.1	Credit for less than a year – for each month or fraction	0.03%
19.1.2	Credit for a period equal to or exceeding one year	0.4%
19.1.3	Credit for a period equal to or exceeding five years	0.5%
19.1.4	Credit used under the form of current account, bank overdrafts or any other form in which the period for utilization is not determined or determinable, on the monthly average obtained by the sum of the balance due assessed on daily basis during one month, divided by 30	0.03%
19.2	Transactions undertaken by or with the brokering of credit institutions, financial companies and other entities treated as such by the law and other financial institutions – on the amount charged:	
19.2.2	Interest for, namely, discount of letters and treasury bills and bonds, for loans, for credit accounts and for credits under liquidation	2%
19.2.2	Awards and interest for letters taken, letter drawings on behalf of third parties, drafts issued in the local market or any other transfers	2%
19.2.3	Commissions for guarantees given	1%
19.2.4	Other commissions and charges for financial services	2%
20.	Precatory or mandates for the withdrawal and delivery of cash or existing values – on the amount to be withdrawn or delivered	0.3%
21.	Forensic, judicial, fiscal and customs actions – for each sheet	1 MT
22.	Registries and annotations in registration offices for movable property subject to registration – for each one	100 MT
23.	Repo – on the value of the contract	0.5%
24.	Insurances:	
24.1	Insurance policies – on the amount of the insurance premium, cost of the policy and of any other amounts that represent revenue for the insurance companies, charged together with such premiums or in a separate document:	
24.1.1	“Life, “Accident” and “Health” insurance	1%
24.1.2	“Vehicle” insurance – third party and other compulsive insurances by law	2%
24.1.3	“Transport” Insurance	2%
24.1.4	“Maritime” “rail” and “Aviation” insurance	2%
24.1.5	“Security ”insurance	3%
24.1.6	“Credit” insurance	3%
24.1.7	Any other insurances	5%
24.2	Commissions charged for brokerage – on the respective net amount of the Stamp Duty	2%
25.	Negotiable instruments:	
25.1	Bills – on the respective value with a minimum of 50 MT	0.2%

N.º art.	Incidence of the tax	Rates
25.2	Promissory notes – on the respective value with a minimum of 50 MT	0.2%
25.3	Orders and papers of any nature, excluding cheques, in which the payment or delivering of cash is determined with a clause to the order of or available even if in the form of correspondence – on the respective amount with the minimum of 30 MT	0.1%
25.4	Invoice statements and conferred invoices – on the respective amount with the minimum of 30 MT	0.3%
26.	Titles or licenses for the granting of the right of use and enjoyment of the land and addendums – on the amount of the fee	10%
27.	Treasury bills /bonds issued by foreign governments, excluding those issued by States that are members of the African Union, when available or sold in the national territory – on their nominal value	1%

4.2.6 When is the tax assessed?

Art. 13 of the Stamp Duty Code

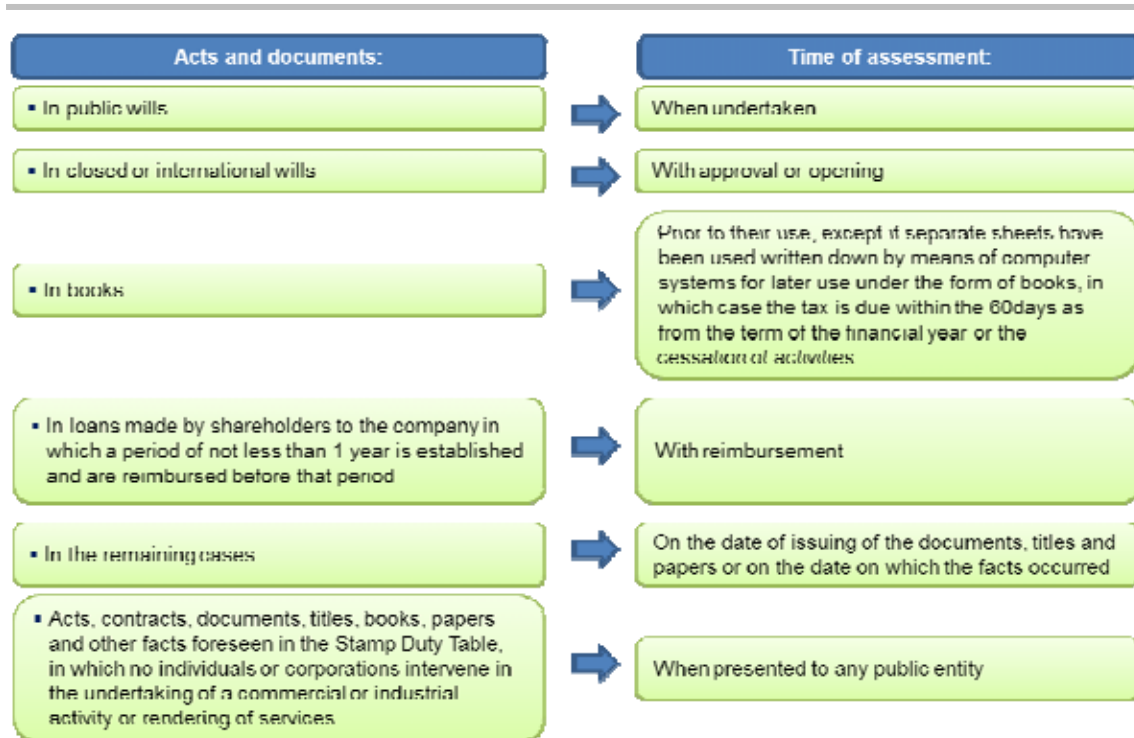
The following table identifies the moment in which the tax has to be assessed for each act and document:



4.2.7 Who is responsible for assessing and paying the tax?

Art. 14 of the Stamp Duty Code

The following table identifies the entities responsible for the assessment and payment of the tax:



4.2.8 Who is responsible for the payment of the tax?

Art. 15 of the Stamp Duty Code

Without prejudice of the responsibility of the entities referred in the previous section to assess and pay the tax, the following are jointly and severally liable with the taxpayer for the payment of the tax:

- persons (public officials) who intervened in the acts, contracts and transactions or received or used the books, papers and other documents, provided that they have wilfully cooperated in the non-assessment or collection of the tax;
- the entities to whom services are rendered by credit institutions, financial companies or other, in the cases referred in the previous section, when the assessment and payment of the tax is the responsibility of the representatives.

4.2.9 When, where and how is the tax payable?

Art. 16 & 17 of the Stamp Duty Code

The tax shall be paid by means of a return at the Tax Department (DAF) **by the 20th day of the month following the month in which the tax obligation arose.**

When the tax is assessed by the Revenue Authorities and the assessment results in an amount exceeding 100 MT, the taxpayer shall be notified to pay the tax **within 15 days** at the Tax Department of the area where the services that assessed the tax are located.

Whenever the tax is due by means of customs transactions, it shall be assessed by the Customs General Directorate and paid at these services, together with the other customs duties due.



The amount of the tax and the date of assessment shall be mentioned in documents, titles or books.

4.2.10 What are the consequences of the non-payment of the tax?

Lack of assessment or partial or total payment of the tax due to reasons applicable to the taxpayer will attract compensation interest at the interbank rate (MAIBOR – 12 months), plus 2 per cent points, in force on the date on which the tax should have been paid.

Interest accrues on daily basis, as from the date following the deadline for payment of the tax or, in the case of delay in assessment, from the day on which the same commenced, until the date on which the situation is regularized.

The assessment of the Stamp Duty can only be made up to the end of the fifth year following the year in which the generating fact of the tax occurred and the assessment shall be notified to the taxpayer within the same period.

4.2.11 What are the declarative obligations?

The declarative obligations are:

Art. 18, 20, 25, 32 & 33 of the Stamp Duty Code

- Taxpayers who have assessed tax or their representatives shall submit a detailed statement of the same on an annual basis;

Such declaration which official form has not been approved yet, shall form integral part of the annual return on accounting and tax information (Model 20) as an annex, to be submitted together by the last business day of the month of June or, for taxpayers with a financial year different from the calendar year, until the last day of the sixth month after year-end.

- Taxpayers, as well as landlords and sub-landlords who are individuals and do not undertake commercial industrial activities or rendering of services have the obligation to communicate to the Tax Department the situation of the immovable property, lease agreements, sublease and respective promissory agreements, as well as any amendments to the same;

This communication is made by delivering a copy of the agreement, when this has been entered in writing, by the last day of the month following the commencement of the lease, sublease or amendments or, in the case of a promissory agreement, of the delivery of the leased property.

- Taxpayers shall provide additional information on the elements of the Stamp Duty declaration whenever this is requested by the Revenue Authorities;
- Public entities (services, establishments and State and municipal organisms, as well as public law corporations) are also obliged to submit the Stamp Duty declaration to the Tax Department.

Still to refer with respect to the compliance with declarative obligations that:

- All declarations and communications must be signed by the entities that have the obligation to submit the same or by their representatives or business managers, without prejudice of the same been rejected and the application of fines for non-submission;
- Declarations and other declarative elements may be submitted via courier, provided that those are received within the determined deadline.



Note that:

- The legalizing of books that are subject to tax can only be made by assessing the respective tax and mentioning the amount and date of assessment in the books;
- Negotiable instruments issued abroad cannot be drawn, accepted, endorsed or paid out without presenting proof of payment of the respective tax.

4.2.12 What are the accounting obligations?

Art. 19 of the Stamp Duty Code

Entities that have the obligation to keep organized accounts in the terms of the IRPC and IRPS Codes shall register the transactions and acts that are subject to Stamp Duty, indicating the following:

- The value of the transactions and the acts undertaken by the taxpayer that are subject to tax, according with the article applicable to the table;
- The value of the transactions and acts undertaken and that are exempt from the tax;
- The amount of the tax assessed, according to the applicable article of the Table;
- The amount of the tax compensated (see section 5.2.14).

Entities that do not have the obligation to keep organized accounts shall however keep an appropriate record that allows for assessing the above mentioned amounts.



Support documents to the accounting records and documents proving payment of the tax shall be kept in good order for a **period of 10 years**.

4.2.13 What are the guarantees of the taxpayers?

Art. 29 & 30 of the Stamp Duty Code

Over and above the guarantees of the taxpayers addressed in chapter 8, taxpayers may apply for the reimbursement of the tax unduly paid within a period of 5 years as from the date of payment, provided that the application is accompanied by documents proving the assessment and payment of the tax.

4.2.14 In what situation is compensation allowed?

Art. 31 of the Stamp Duty Code

After the tax has been paid by the entities referred in section 5.2.7 in the first five items (Notaries to insurance companies) whenever any of the following situations occurs, those entities may compensate the tax assessed and paid up to the amount of the following assessment and payments:

- Cancellation of the transaction or reduction of the respective value by error or nullity, in which case compensation can only be done via assessment of the tax referent to the same number or point of the Table;

- Material errors or errors in computation of the tax.

Note that compensation can only take place:

- Within the **period of 1 year**, as from the date on which the tax becomes due, and
- If the same have been duly registered in the accounts.

4.3 Tax on Successions and Donations (ISD)

The tax on successions and donations is regulated by the respective Code approved by Law n.º 26/2007, dated 4th of December and by the Regulations, approved by Decree n.º 21/2008, dated 27th of June which came into force on the respective dates of publication.

4.3.1 What is the scope of incidence?

The tax on successions and donations is levied on the **transfer for free (gratuitous)** of the right of ownership **on movable and immovable assets**, whatever the denomination or form of the title and is due by individuals to whom the referred right is transferred, even if the right of usufruct, use and habitation is created in favour of another person.

Art. 1, 2 & 6 of the ISD Code
Art. 1 & 2 of the ISD Regulation

Thus, the acquisition of movable and immovable assets by hereditary succession, legacy, donation or any other legal transaction that transfers the ownership for free and *inter vivos* is subject to ISD, including:

- Acquisitions for a consideration by ascendants as representatives of minor descendants for the value of the transferred assets or rights, except when the prior existence of sufficient means to undertake it and their application for this purposes is proven;
- Objects of precious metal, jewellery, precious stones, art works and credit papers, that belong to the author of the inheritance and any legatee or heir that states having acquired the same or to his / her spouse, for a consideration, during the year that preceded the death, as well as the credit transferred or assigned in the same conditions to any heir or legatee;
- Debts mentioned in the will in favour of the heir or legatee, which are considered to be legacy, except if proof to the contrary is presented;
- The values and cash deposited in joint accounts or entrusted to any person or entity or which could be withdrawn by the author of the inheritance, which are considered to belong to the respective holders in equal parts, except if proof to the contrary is presented.

These facts are presumable so it is the responsibility of the interested parties to proof the contrary before the assessment of the tax so that there is no taxation.

For purposes of this tax it is considered:

- Immovable assets, the urban immovable property located in the Mozambican territory;
- Urban immovable property:
 - Any building incorporated on the ground, with the free land near it¹;
 - Each autonomous fraction under sectional title or other forms of condominium.
- Transfers, the actual and effective transfer of assets. The transfer does not occur:
 - In the provisions under condition without this having been met;
 - In donations by death while the donor is still alive;
 - In donations between spouses while the donor has not yet disposed of the assets;
 - In successions or donations of ownership separate from the usufruct, without the termination of the same or without the disposal of ownership.

4.3.2 What assets are not subject to ISD?

The following assets are not subject to the tax:

Art. 3 of the ISD Code

- Pensions and death allowances;
- Assets donated as charity, assistance or beneficence, provided that the same are destined to face situations of economic and social needs or to situations of public disasters.

4.3.3 What is the scope of incidence when the assets are transferred for free and for a consideration?

Art. 4 of the ISD Code

The tax on successions and donations is only levied on the portion that is transferred for free, as the part that is transferred for a consideration, in the case of urban immovable property is subject to Property Transfer Tax (SISA) or to the equivalent municipal taxes.

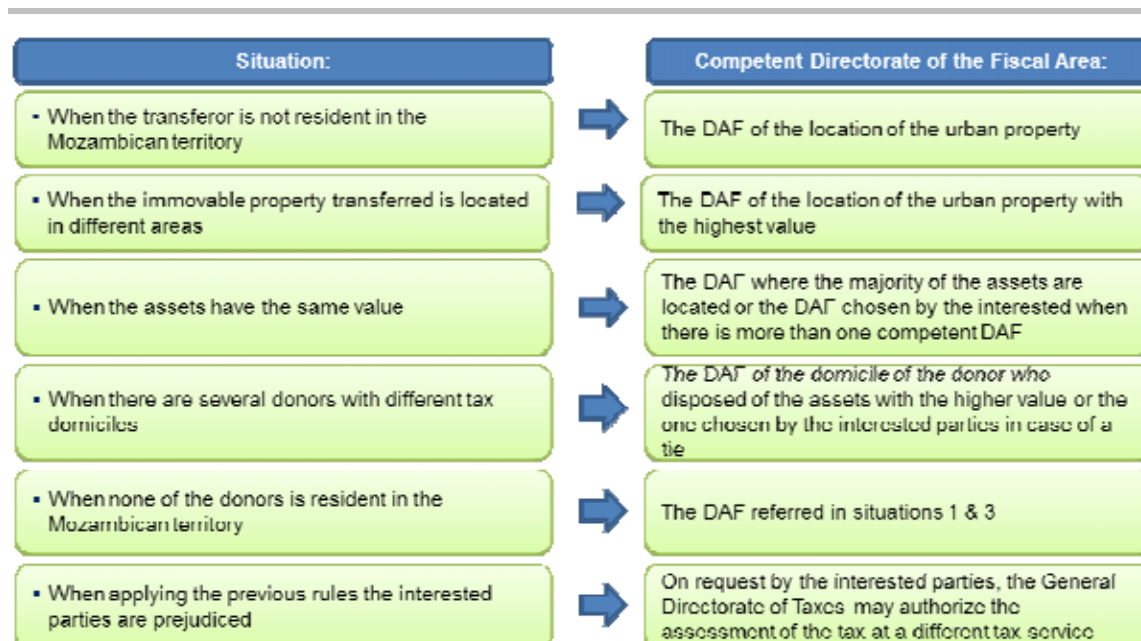
4.3.4 What are the rules of subjection to the ISD?

The base of incidence of the tax varies according with the residence of the transferor and acquiring entity of the assets or of rights on the same.

Art. 5 of the ISD Code

Thus, the tax is levied:

¹ Without prejudice of the ownership regime foreseen in the Land Law



The following are considered assets and rights located in the Mozambican territory:

- Urban immovable property located there;
- The rights on tangible movable assets that are not subject to registration;
- The rights on movable assets registered or subject to registration or inscription in the Mozambican territory;
- Credit rights or property rights on individuals or corporations when the debtor has residence, head offices or effective management or permanent establishment in the Mozambican territory;
- Shares when the company to which they refer has its head offices or effective management or permanent establishment in the Mozambican territory;
- Industrial property rights, copyrights and other connected rights registered or subject to registration in the Mozambican territory.

To refer that **non-resident taxpayers must appoint a representative** resident in the national territory to comply with their tax obligations and such appointment must be communicated to the revenue authorities.

4.3.5 When does the tax obligation arise?

Art. 7 of the ISD Code

The tax obligation arises when the transfer occurs, i.e.:

- In the transfer after death – on the date of death of the transferor or when the presumed death has been declared by court;
- In transfers for free *inter vivos* – on the day the act or contract is entered.

4.3.6 How is the taxable income determined?

Art. 8 & 15 of the ISD Code
Art. 4 of the ISD regulation

The ISD is levied on the net value of the assets transferred to each acquiring entity, i.e., on the **actual value of the assets** determined in

accordance with the rules defined in the following section, **deducted from the deductible costs and debts** (see section 5.3.10).

In the case of transfer by death of movable or immovable assets or rights on the same, for free, in favour of spouses, children or adopted in the case of adoption or of ascendants, a minimum tax is established. Thus, the amount equivalent to 500 monthly minimum salaries will be deducted from the taxable income, taking into consideration the highest minimum national salary¹.

4.3.7 What are the rules for the valuation of the assets?

Art. 9 to 12 of the ISD Code

For purposes of taxation the actual value of the assets is the normal market value or price determined according with the following rules:

Type of assets:	Incidence – actual value of the assets:
Urban immovable property	<p>Value declared in the transfer or the asset value of the urban immovable property, whichever the higher, unless this deviates from the normal market price.</p> <p>Notes:</p> <ul style="list-style-type: none"> ▪ The normal market value is determined by the Revenue Authorities by means of an inspection to the transactions undertaken between independent purchasers and sellers, of similar immovable property, such as the age, size and location; ▪ Any correction to the values shall be notified by the Revenue Authorities to the taxpayer, who can complain or oppose to the values set under a litigation process; ▪ In the case of buildings under construction, the asset value will be the amount that has been invested in the construction, plus the correspondent market value of the immovable property; ▪ In the case of sectional title, the proportional portion of the total value is determined by the percentage of the transferred area, as per the ownership certificate.
Establishments with organized accounts (commercial, industrial, agricultural and activities related to learned professions)	<p>The value is assessed on the basis of the last balance sheet, by division or judicial or extra-judicial liquidation, if this allocates a higher value, or by the market value if higher.</p> <p>When there is no balance sheet, division or liquidation, the value of the establishments is determined on the basis of an inventory which includes the list of assets and liabilities.</p>
Shares, quotas or other parts of share capital of companies	Value proportional to the shares, quotas or other share capital parts determined by the last balance sheet.
Bonds, treasury bills certificates and life insurance	Value of redemption on the date on which the taxable event occurs
Titles representing the capital of cooperatives	Nominal value
Deposits in current or saving accounts, à vista or term, which are not for the account of third parties, as well as the accounts for treasury management and financial or similar accounts	Balance of the same on the date on which the taxable fact occurs, without prejudice of the presumptions referred to in section 5.3.1 (last point)

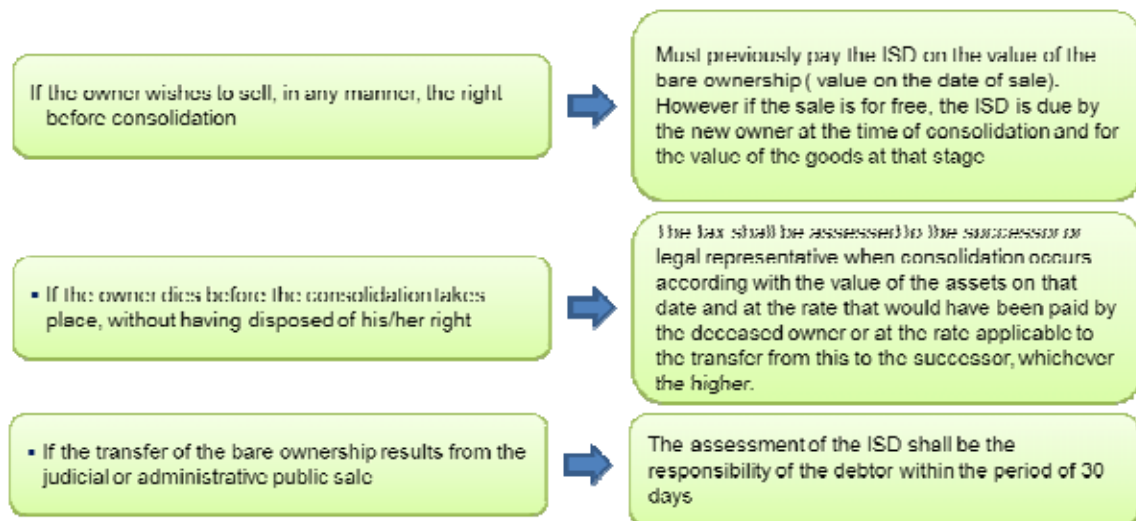
¹ In 2009, the highest minimum maximum salary is 2,758.00 MT

Type of assets:	Incidence – actual value of the assets:
Objects in precious metal, jewellery, precious stones, art objects and antiques	Market value on the date on which the taxable fact occurs or the value allocated to the asset by the insurance when higher.
Vehicles, leisure boats or nautical sports and aircrafts	Market value on the date on which the taxable fact occurs or the value allocated to the asset by the insurance when higher.

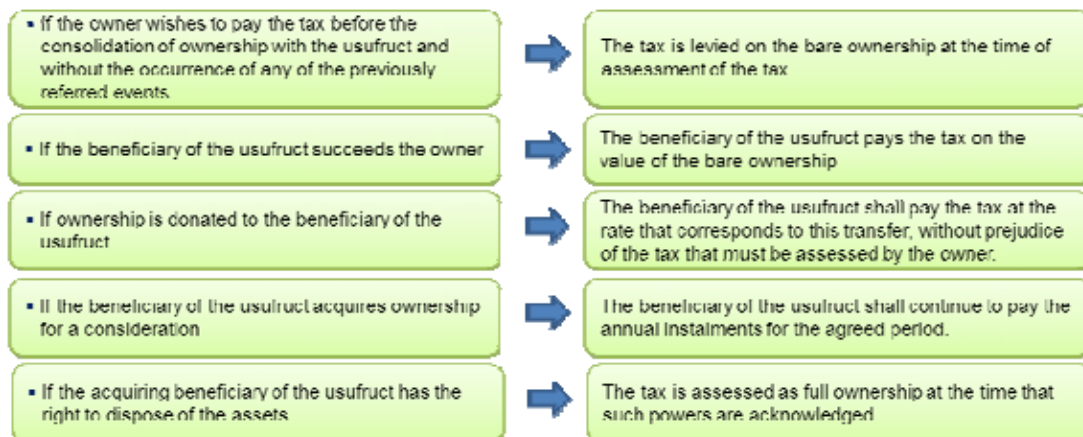
4.3.8 What are the rules in the case of ownership transferred separately from the usufruct?

Art. 5 of the ISD Regulation

Whenever ownership is transferred separately from the usufruct, the tax is assessed on the value of the assets at the date on which the acquiring owner consolidates the ownership with the usufruct, where:



The following provisions should be further considered:



4.3.9 What are the rules in the case of transfer of ownership with pensions and rentals costs?

Art. 6 of the ISD Regulation

Whenever the property is transferred with any loan, pension or life or temporary annuities in favour of a third party, the tax referent to the acquisition of the property is levied on the value of the assets, deducted from the current amount of the pension.

In the case that transfer is done in favour of the pensioner by succession or donation, the tax is levied on the value of the property, deducted from the actual amount of the pension and the pensioner shall pay the annuities that are due and that will become due.

However if the pensioner acquires property for a consideration, the annuities that become due at a later stage will be borne by him.

4.3.10 What are the deductible costs and debts?

Art. 13 & 14 of the ISD Code

To the value of the assets transferred to each interested party, the following are deductible in the respective percentage:

- The costs and pensions that secures the assets at the date of the donation or opening of the inheritance, except for personal costs of the acquiring party, as well as those that do not result in the reduction of the value of the assets (ex: securities and mortgages);
- Debts of the transferor provided that these are duly proven, except for the debts incurred in favour of the heirs or legatees, even if they reject the inheritance;
- Costs of a funeral;
- Costs with inventory, costs with deeds on extra-judicial divisions, those resulting from a court litigations of the joint interest of all heirs and the ones related to the opening, registration and seal of the will;
- Debts referent to any taxes, including debts to social security, provided that these are due to a Mozambican entity, which are of the responsibility of the heirs, head of family or administrator of the inheritance, even if they refer to payments after the date of death;
- Debts and costs referent to donated assets, duly documented and provided that they were contracted by the donor prior to the donation *inter vivos*.

With respect to deductible costs it is further important to note that:

- When the tax is levied only on the assets located in the Mozambican territory (i.e, neither the transferor nor the acquiring party are resident in the Mozambican territory) only costs with debts that relate to the assets and rights located in the national territory are deductible;
- Only liabilities that have been approved by judicial inventory without opposition by the public prosecutor and those contained in the documentation of taxpayers with organized accounts /simplified accounting are deductible.

However, the following costs are not deductible:

- The debts or other charges which have not been proven or which amount cannot be determined until the assessment;
- The debts recognized in a will unless these are proven by another document.

4.3.11 What are the rates?

Art. 16 of the ISD Code

The rates are contained in the following table and the tax is assessed using the rates in force at the time of transfer of the assets:

Acquiring party (taxpayer)	Rates
Descendants	2%
Brothers, sisters and beneficiaries up to the 3 rd degree	5%
Any other persons	10%

4.3.12 What are the declarative obligations?

Art. 17 of the ISD Code
Art. 9, 14, 15 & 19 of the ISD Regulation

The **participation declaration** must be submitted to the respective Tax Department, referent to the death of the author of the succession, the declaration of presumed death or any other act or contract involving the transfer of assets for free, even when such transfer is exempt, by one of the following taxpayers or representatives:

- Head of family or beneficiaries, in the case of death of the author of the succession or the declaration of presumed death;
- To the beneficiaries in case of transfer for no consideration *inter vivos*.

The participation shall be made in the official format and contain the following elements:

- Identification of the author of the succession or donation;
- Dates and places;
- All successors and recipients of the right of ownership, usufruct, use and habitation, family relationship and respective proof;
- List of all assets transferred (even if exempt) and the existing liabilities, with indication of:
 - The respective amounts and acquisition title;
 - Assets located abroad which form part of the inheritance or donations and which are subject to ISD;
 - If there was an inventory or not and if yes, in which court;
 - The omission of assets, when it is declared that the same are unknown or that examination is not possible (justifying);

For this purpose:

- Whenever the marriage regime is not the community of property, or if it is, there are own assets and even in the case of second marriage, the description shall be made in order that the assets to be transferred are assessed;
- The description of the assets and the debts and charges shall be made in common paper in the legal form, duly signed by the presenter and official who draws the same;
- The list of assets shall be made in two numerical orders, one for the assets and the other for the liabilities and the respective value and amount of the liabilities shall be indicated in full or in numbers;

- Whenever there are assets in the inheritance in the possession of any heir or legatee who were not listed by the participant, it is their responsibility to describe the same within the 60 days following the term of the period for the presentation of the list of assets (see section 5.3.14).

The following documents shall further be annexed to the process, when applicable:

Documents that must form part of the process:	
<ul style="list-style-type: none"> ▪ Certificate of the will of the author of the inheritance ⁽¹⁾ 	<ul style="list-style-type: none"> ▪ Certificate of the deed of division or donation if this has already taken place⁽¹⁾
<ul style="list-style-type: none"> ▪ Certificate of the quotation of the shares, titles or treasury bill certificates and other negotiable instruments 	<ul style="list-style-type: none"> ▪ Certificate of the declaration of the amount of reimbursement of the participation certificates in investment funds, issued by financial entities or competent public credit institute or management companies
<ul style="list-style-type: none"> ▪ Certificate proving the lack of official quotation of the shares, issued by the Stock Exchange, with indication of the nominal value 	<ul style="list-style-type: none"> ▪ Last balance sheet of the company to which the same refer and declaration of the company containing the date of incorporation, the number of shares and the respective nominal value and the net profits / losses for the 2 last financial years, signed by the managers/directors and signature certified by the notary
<ul style="list-style-type: none"> ▪ Document proving that the shares only provide for the right to receive dividends evidencing the amount of the dividends distributed in the 2 last financial years, issued by the company to which the same refer 	<ul style="list-style-type: none"> ▪ Last balance sheet or liquidation balance sheet signed by the directors or liquidators of the company or by the directors of the bankrupt estate and signature certified by notary
<ul style="list-style-type: none"> ▪ Declaration issued by each of the cooperatives containing the nominal value 	<ul style="list-style-type: none"> ▪ Certificate of the gold objects, jewellery, silver, precious stones and similar, issued by an official surveyor⁽¹⁾
<ul style="list-style-type: none"> ▪ Last balance sheet of the industrial or commercial establishment or the balance sheet of the liquidation, if this exists, or certificate of the articles of association or in the lack of a balance sheet, inventory of the amount of assets and liabilities of the establishment in order to justify the value indicated in the list of assets ⁽²⁾ 	<ul style="list-style-type: none"> ▪ All documents necessary to prove the described liabilities
<ul style="list-style-type: none"> ▪ Declaration that the condition has been met in the case of transfers subject to condition 	<ul style="list-style-type: none"> ▪ Declaration that ownership has consolidated with the usufruct
<ul style="list-style-type: none"> ▪ Declaration by any of the beneficiaries of the usufruct in the case of successive usufruct or a person subject to a similar regime, has died or rejected the right 	

⁽¹⁾ Whenever there has been an inventory this document is not required

⁽²⁾ For this purpose:

- Both the balance sheet and the inventory have to be signed by directors, managers or liquidators of the company or by the administrators of the bankrupt estate, with signature certified by a notary, and the balance sheet should be submitted in duplicate;
- The certificate of the articles of association can be replaced by a copy of the official gazette where it has been published.

In the cases of a lack of certification of the will, due to the fact that this is in the possession of a third party, or of the referred balance sheets and inventory, due to the alleged impossibility of the interested parties, the third parties, directors, managers or liquidators of the company or

administrators of the bankrupt estate will be notified by the respective Tax Department to present themselves within 15 days.



The declaration and the list of assets is always required whether the tax is due or not or whether or not an inventory has taken place

To refer that with the submission of the declaration the declaring party will be informed of the presumptions referred to in section 5.3.1 and notified to declare if he/she is aware of any other transfer for free by the author of the inheritance or the donor, within a period of 60 days, and if such has happened, to communicate the nature of the act and date, as well as the tax office where the respective process was processed.

4.3.13 Consequences of the noncompliance with the declarative obligations

Art. 16 of the ISD Regulation

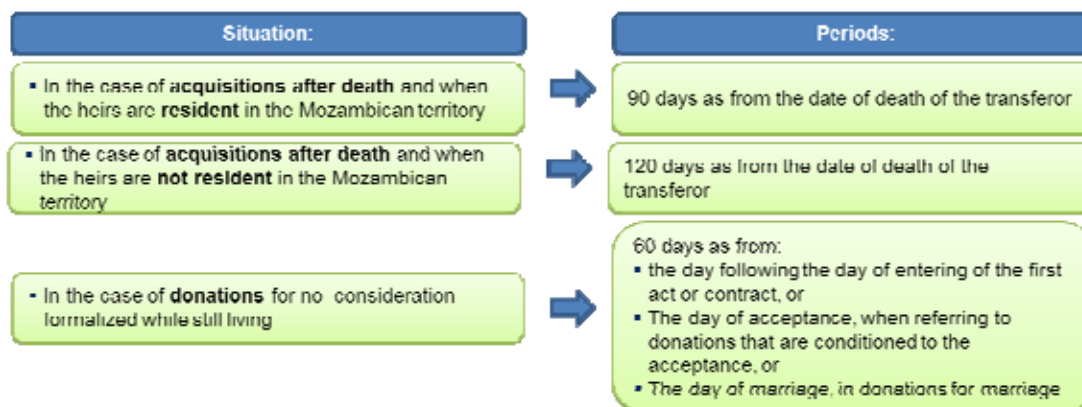
If the declaration has not been submitted and if the respective Tax Department became aware of any transfer of assets for no consideration, the respective Tax Department will proceed with the assessment of the tax.

If the list of assets is not presented within the required period, the respective Tax Department shall notify the transgressor to present it within the maximum period of 30 days. If the list is not presented within this period, the transgressor will be accused of concealing assets. If the situation is not rectified, the public prosecutor shall proceed with the enrolment of the assets (description and evaluation).

4.3.14 What is the period for the presentation of the declarations?

Art. 14, 17 & 18 of the ISD Code

The participation declaration, as well as the accompanying documents, shall be presented within the following periods:



However, the interested party may apply for an extension of the period to the General Director of Taxes, for a maximum period of 180 days, indicating the reasons that prevent him/her from presenting the required documents.

Note that if there is litigation on the division of the assets or a voluntary judicial division, the period for the submission shall be suspended.

4.3.15 How to provide the declarations?

Art. 22 of the ISD Regulation

Declarations may be presented verbally by the interested parties, by their legal representatives or attorneys and shall be put in writing duly signed by the declaring

party/representative/attorney and the official who drafts it.

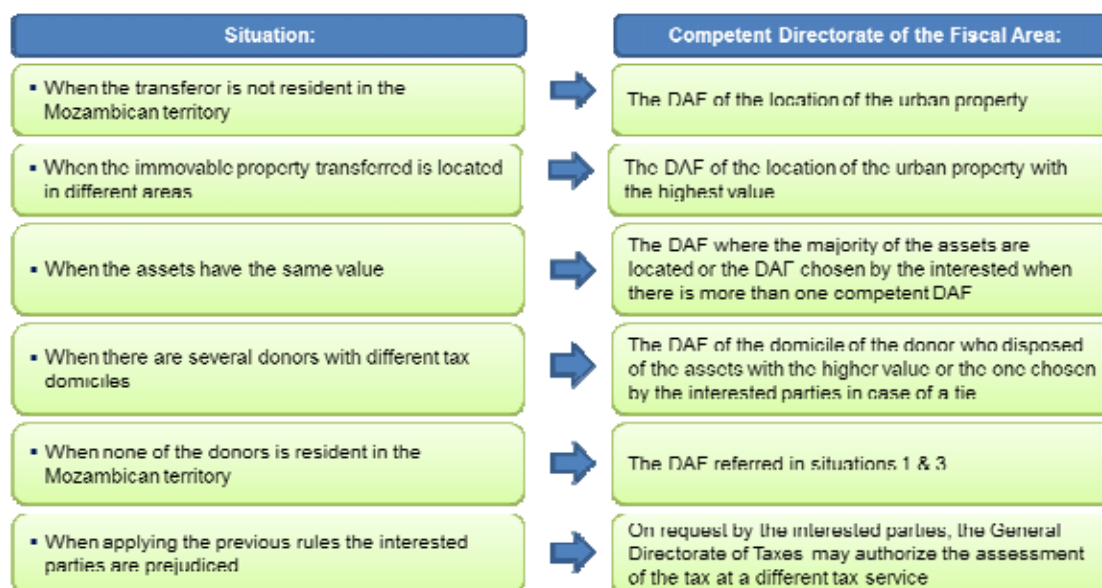
Such written document shall contain all necessary elements that allow for the assessment of the inheritance quotas, namely with respect to the degree of family relationship between the transferor and the beneficiary.

4.3.16 Who and how is the tax assessed?

After the process has been prepared on the basis of the above referred declaration and documentation, the tax is assessed by the Tax Department of the place of residence of the transferor.

Art. 7 & 18 of the ISD Code
Art. 26 & 30 of the ISD Regulation

However, as described, in certain situations the respective Tax Department (DAF) may vary:



Once the tax is assessed, the taxpayers shall be notified in the following terms:

- When the taxpayer or his / hers representative is resident in an area different from the area where the tax has been assessed, the notification is requested to the respective Tax Department;
- If the notification of the taxpayer is not possible, the head of family, executor of the will or any other family member who lives together with the taxpayer shall be notified;
- If notification of the above referred persons is not possible, the notification shall be made by means of edicts, one to be displayed on the door or atrium of the Tax Department.

In the case of **refusal of the inheritance**, to be proven according with the civil law, the assessment shall be made by those to whom the assets are transferred as a result of the rejection, as well as in the case of an assignment of the inheritance for no consideration, in favour of all co-heirs.

When the legacy is not accepted, or by any other reason it elapses and the assets of the legacy are added to the inheritance, the assessment is made to the heirs.

4.3.17 What is the period and place of payment of the ISD?

The tax shall be paid in full **until the end of the month**

Art. 32 to 33 of the ISD Regulation

following the month in which the legal period for complains, hierarchical appeal or appeal to courts have expired (see chapter 8).

In the case that the taxpayer is unable to comply with the total payment, he/she can apply to make the payment in instalments up to the maximum of 6 instalments, before the term of the payment period. If after this period, interest will be charged.

For the payment in instalments the following shall apply:

- The first instalment becomes due within the period established for the total payment of the tax and each of the remaining instalments, six months after the previous due date;
- In the case of tax that refers to the transfer of immovable assets, a deposit will be demanded which shall be requested before the term of the payment period and provided within 8 days after approval, in the amount of the debt.

The following will be due:

- Interest for late payment¹, whenever any of the instalments or the total of the tax has not been paid, comprising all future instalments which will become due immediately; and
- Compensation interest², whenever that due to a fact imputable to the taxpayer, the assessment or payment of the tax is delayed.

The tax must be paid at the **Directorate of the Fiscal Area** or at any other tax services or authorized banks, by means of an official collection document.

4.3.18 Who is jointly and severally liable for the payment of the tax?

Whenever the following entities and persons have not demanded proof of the payment of the ISD, are jointly and severally liable with the taxpayer for the payment of the tax:

Art. 19 of the ISD Code

- The financial intermediaries and other entities or persons that have delivered the cash or values in transfers as a result of death of deposits, guarantees, current accounts or other financial titles;
- The official who authorizes or proceeds with the change of the taxpayer with respect to any tax, whenever such change implies, directly or indirectly, an acquisition subject to this tax;
- The executors of the will and the heads of family, when delivering legacies or parts of inheritances.

4.3.19 What are the guarantees of the taxpayers?

Over and above the general guarantees of the taxpayers mentioned in chapter 8, the following shall apply:

Art. 29 & 30 of the ISD Code

- In the cases of revoking of a donation, return of assets or termination of a contract, in the terms of the civil law and before 8 years have elapsed as from the transfer, the proportional cancellation of the tax may be obtained by means of complaint or judicial contestation;

¹ The rate of the interest for late payment is the same as the rate of the compensation interest, plus a percentage to be determined by the Council of Ministers.

² The rate of the compensation interest is equal to the interbank rate (MAIBOR -12 months), plus 2 percent points, in force on the date on which the tax should have been paid.

- In the case of cancellation of the assessment, resulting from a judicial or gracious process, the tax shall be reimbursed, provided that the amount is higher than 100 MT and indemnity interest will be paid¹.

4.4 Property Transfer Tax (SISA)

The SISA Code was approved by Decree n° 46/2004, dated the 27th of October and came into force on the 1st of November 2004.

SISA is a tax levied on the transfer of ownership, for a consideration, or of parts of the right of ownership on immovable property located in the national territory.

However, within the scope of Law n° 1/2008, dated the 16th of January – which defines the Municipal Taxation System, the Municipal Property Transfer Tax (IAS) was introduced, and the regulations were approved by Decree n° 63/2008, dated the 30th of December 2008, replacing the property transfer tax in the municipalities.

Thus, transactions on immovable property located in the municipal territory and undertaken as from the 30th of December 2008 will be subject to the IAS, as explained in section 6.5.

With the introduction of the Municipal Property Transfer Tax, the SISA now only applies to the transfer of immovable property located outside the Municipal territory.

Given that the rules of application of the Property Transfer Tax are the same as those of the IAS and the fact that the majority of the urban immovable property is located in the municipalities, we refer to section 6.5. However the following adjustments must be made:

- Whenever reference is made to the Municipal Administration and to the competent services of the Municipal or Village Council, in the case of SISA, it should read Tax Administration and the respective Tax Department, respectively.
- Whenever there is an act that is of the competence of the President of the Municipality or of the Village, in the case of SISA, it should read Director of the Tax Area.

The following provisions shall also apply:

- With respect to **rates**, besides the 2% rate, the SISA Code foresees another rate of 10% applicable in cases where the purchaser or the shareholders of the purchaser are resident in a territory that is subject to a more favourable tax regime², in which cases no reduction or exemption applies;
- Whenever a non-adherence tax infraction is committed, the same is punished in accordance with the General Scheme of Non Adherence to Tax Legislation (Law n° 15/2002, dated the 26th of June).

¹ The rate of the indemnity interest is the same as the rate of the compensation interest (as previously defined).

² For this purpose, an individual or a corporation is considered to be subject to a clearly more favourable tax regime when, in the territory of residence, the same is not taxed under income tax or is subject to an effective taxation rate equal or lower than 60% of the IRPC rate, i.e. $\leq 19,2\%$ ($=60\% \times 32\%$).

4.5 National Reconstruction Tax (IRN)

The National Reconstruction Tax Code was approved by Decree n° 4/87, dated the 30th of January, and came into force on the date of its publication.

4.5.1 Who are the IRN taxpayers?

Art. 1 & 2 of the IRN Code

The National Reconstruction Tax is levied on all national citizens or resident foreigners who meet the following conditions:

- Earn income subject to Individual Income Tax (IRPS), even if exempt, except for taxpayers undertaking agricultural, forestry or livestock activity;
- Males aged between 18 and 60 years.

Note that foreigners and non-resident nationals become subject to the National Reconstruction Tax the year following the one in which they establish residence in the national territory.



This tax does not apply to citizens who are resident in the Municipality, who are liable for the Municipal Personal Tax (see section 6.2).

4.5.2 In which circumstances do exemptions apply?

Art. 3 to 5 of the IRN Code

The following are exempt from IRN:

- Individuals who due to weakness, illness or physical handicap are unable to work;
- Citizens completing national service, including the year of commencement and the year in which they are discharged;
- Full-time students, who are attending medium or higher level education, comprising the year in which they cease to be students, until they reach 21 and 25 years of age respectively, including Mozambican students studying abroad;
- The pensioners of the State who do not earn other income;
- Foreigners at the service of the country of their country, when there is reciprocal treatment.

Exceptional exemptions:

When exceptional circumstances occur, such as natural disasters, the Minister of Finance may, based on a proposal of the respective Provincial Government **grant a temporary exemption** of the payment of the IRN to the taxpayers who are not in financial conditions to pay it in a certain year.

For the effective **recognition of the exemptions**, the interested parties shall apply to the following competent entities for an **Exemption Certificate** in the year to which the collection of the tax refers, except for the cases of permanent exemption and of citizens completing national service:

MANUAL ON TAXES INCLUDED IN THE NATIONAL AND MUNICIPAL TAX SYSTEMS

Type of citizen:	Competent entity:
Individuals who are unable to work	The entities responsible for registering the tax ^(*)
Full-time students, attending medium or high education	The respective education institution
State pensioners who do not obtain other income	The authorities responsible for registering the tax ^(*)
Foreigners at the service of the country of their nationality	The Ministry of Foreign Affairs
Taxpayers affected by natural disasters	The authorities responsible for registering the tax ^(*)

^(*) see section 5.4.4

4.5.3 What are the applicable rates?

The IRN rates in force in each of the provinces are **determined on an annual basis** by Ministerial Diploma. For 2011¹, the rates are the following:

Art. 6 & 17 of the IRN Code

Provinces	Rates in force in 2011	
	Normal	Late payment
Maputo Province:		
All districts.....	30 MT	35 MT
Gaza:		
All districts.....	30 MT	35 MT
Inhambane:		
All districts.....	15 MT	20 MT
Sofala:		
Dondo.....	20 MT	25 MT
Remaining districts.....	15 MT	20 MT
Manica:		
Gôndola, Sussundenga, Mossurize and Manica,.....	15 MT	20 MT
Macossa,.....	12 MT	15 MT
Guro and Tambara.....	10 MT	15 MT
Machaze.....	12 MT	16 MT
Báruè.....	20 MT	25 MT
Tete:		
All districts.....	15 MT	20 MT
Zambézia:		
All districts.....	15 MT	20 MT
Nampula:		
All districts.....	20 MT	25 MT
Cabo Delgado:		
All districts.....	10 MT	15 MT
Niassa:		

¹ Rates approved by Ministerial Decree n° 219/2010, dated 15th December

Provinces	Rates in force in 2011	
	Normal	Late payment
All districts.....	15 MT	20 MT

Note that the tax for any year in arrears is collected as late payment.

4.5.4 How is the IRN registered and collected?

Art. 7 to 20 of the IRN Code

The annual process of registering and collection of the IRN, in each Province, is managed by the local administrative authorities, at the level of the district or city, administrative post, locality or suburb, on the basis of the census of the taxpayers, in the absence of which the tax is collected in the following manner:

- Payment shall be made:
 - In the case of IRN taxpayers who obtain income subject to IRPS – 1st category, by deduction in their respective salaries by the employer, in the **month of February**;
 - In the case of employees whose salaries are paid by the State Budget, by deduction in the respective salaries;
 - In the remaining cases, in the administrative post, locality or suburb where the taxpayer has his /hers domicile or, in the absence of this, in the place where the taxpayer is found. In order to facilitate collection mobile collection posts will be created and the dates and place of functioning will be publicized.
- If it is the first time that the taxpayer pays the tax, the taxpayer or the employer, as the case may be, shall fill in **a registry card** in which the full name and respective domicile, occupation and age are included in order to be archived at the competent services responsible for the registration of the tax.

4.5.5 When is payment due?

Art. 8 of the IRN Code

The period of payment of the IRN is in the year to which it refers, **between the 2nd of January and the 31st of December**.

In the cases where the tax is deducted from salaries by the employer, the tax shall be paid **by the 20th day of the month following** the month in which the tax was deducted by means of a return (*model B*) and accompanied by a list (*model n°5*), in triplicate, in which the assessment of the tax is detailed.



Note that the following entities are jointly and severally responsible for the payment of the tax, in the cases where the tax is paid by means of deduction:

- The public servants who take part in the processing of the salary sheets, and
- The persons who authorize or effect the payment of salaries to the employees.

4.5.6 Proof of Payment and Exemption

With payment of the IRN the taxpayer has the obligation to present the previous year or of the exemption.

Art. 14, 16, 17 & 31 of the IRN Code

Proof of payment is the receipt of the IRN (approved form) called an **Acquittance**. In the case of late payment, the form will have an “R” in the centre in a different colour.

The proof of exemption is the **Certificate** issued by the competent authority.



Non compliance with the payment of the IRN or failure to present proof of the payment or exemption **prevents the processing of any administrative work** by all services and departments of the State and Municipalities, except for services rendered by hospitals, schools and assistance services.

4.5.7 How is the reimbursement of IRN processed?

Whenever IRN has been paid by individuals who are not subject or are exempt from the tax, there has been duplication in payment or payment has been made at a higher rate, the taxpayer is entitled to reimbursement of the amount unduly paid, **within the period of 5 years following the collection**, by initiative of the services or at the request of interested parties.

Art. 33 & 34 of the IRN Code

The request for reimbursement may be submitted verbally or in writing, to the administrator of the locality or suburb where the taxpayer is a resident, by means of presentation of the exemption certificate, acquittance, statements, or any other document that proves the undue payment of the tax.

4.6 Tax on Vehicles

The Regulations on the Tax on Vehicles (IV) were approved by Decree n° 19/2002, dated the 30th of July and came into force on the 1st of January 2003.

The tax on vehicles is levied on the use and enjoyment of certain vehicles, licensed or registered in the country or, irrespective of the registration or number plate, 180 days have elapsed since the vehicle has entered the national territory and is circulating or have been used in normal conditions of use.

However, within the scope of Law n° 1/2008, dated the 16th of January – which defines the Municipal Taxation System, the Municipal Tax on Vehicles (IAV) was introduced, and the regulations were approved by Decree n° 63/2008, dated the 30th of December 2008, which has the objective of replacing the State tax at the level of the municipalities.

Thus, owners of vehicles taxable under the tax will be subject to IAV instead of the IV, whether the same are individuals or corporations, private or public, resident in the municipalities as from the 30th of December 2008, as explained in section 6.4.

With the introduction of the Municipal Tax on Vehicles, the State tax (IV) is now only levied on the **owners of vehicles that are subject to the tax who are resident outside the municipal territory**.

Given that the rules of the application of the State tax and rates are the same as those of the IAV and the fact that the majority of the vehicle owners are located in the municipalities, we refer to section 6.4. However the following adjustments must be made:

- Whenever reference is made to the Municipalities or to the Villages Council, in the case of tax on vehicles it should read Tax Department (DAF).
- Whenever there is an act that falls under the competence of the President of the Municipality or of the Village, in the case of tax on vehicles, it should read Head/Director of the Tax Department.

5. MUNICIPAL TAXATION SYSTEM (STA)

5.1 Introduction

Cities and **villages** autonomously managed by their own bodies, headed by a president – **President of the Municipality or the Village**, are named **Municipalities**. These are created by law to undertake public administration activities in a decentralized form and have their own assets and revenue, under the governance of the State.

There are currently 43 municipalities classified at different levels, with the following geographic distribution:



Provinces	Municipalities	
	Cities and villages	CI Level
Niassa	Lichinga Cuamba Marrupa Metangula	C D - -
Cabo Delgado	Pamba Montepuez Mocimbo da Praia Mueda	C D - -
Nampula	Nampula Nacala Ilha Moçambique Angoche Monapo Ribaué	B C C D - -
Zambezia	Quelimane Mocuba Gurué Alto Molócué Milange	C D D - -
Tete	Tete Moatize Ulóngué	C - -
Manica	Manica Chimoio Gondola Catandica	D C - -
Sofala	Beira Dondo Gorongosa Marromeu	B D - -
Inhambane	Inhambane Maxixe Massinga Vilanculo	C D - -
Gaza	Xai-Xai Chibuto Chókwè Macia Manjacaze	C D D - -
Maputo	Matola Manhiça Namaacha	B - -
Maputo Cidade	Maputo	A

Note the villages of municipalities are considered level D.

Financial and asset autonomy confers the following powers to the Municipalities:

Art. 3 of law 1/2008
dated 16/01

- Prepare, approve, amend and execute activity plans and budgets;
- Obtain own revenue and collect any other that are destined to it by law;
- Order and process the budget expense;
- Undertake public investment;
- Prepare and approve the respective management accounts;
- Manage municipal assets;
- Obtain financing under the terms of the law.

With respect to the legality and taxation competency of the Municipalities

Art. 7 of law 1/2008
dated 16/01

In undertaking its taxation activity, the Municipal bodies shall, within the limits of the powers granted by law and according with the purposes for which the same are conferred:

- Comply with the principle of equality, generality, fairness and material justice and
- Act in strict compliance with the Constitution of the Republic, with the legal provisions and regulations and with the general principles of the law.

Forming an integral part of the taxation system in force in Mozambique, the Municipal taxation System (STA) applies to the residents of the Municipalities who are subject to the taxes and rates approved by Law 1/2008 dated the 16th of January, which defines the financial budgeting and asset regimes of the Municipalities, as well as the taxation system itself.

Art. 1 of the CTA

The Municipal Taxation System comprises the following taxes and rates, which application is regulated by the Municipal Taxation Code and By-Laws approved by the Council of Ministers:

Art. 51 of Law
1/2008 dated 16/01

- Personal Municipal Tax;
- Municipal Immovable Property Tax;
- Municipal Tax on Motor Vehicles;
- Municipal Property Transfer Tax;
- Contribution for Improvements;
- Rates for Licenses Issued and Economic Activities
- Fees for the Rendering of Services

5.2 Personal Municipal Tax (IPA)

5.2.1 Who is subject to IPA?

Personal Municipal Tax is levied on all residents national and foreign individuals (with fiscal domicile) in the respective Municipality, aged between 18 and 60 years and with respect to who circumstances of occupation and fitness for work apply. Art. 3 & 4 of the CTA

In the Municipalities, this tax replaces the National Reconstruction Tax (see section 5.5).

The new residents in the Municipality become subject to the tax:

- In the new Municipality if they fail to prove that they have complied with this obligation in the place where they previously domiciled;
- In the new Municipality as from the year following the year in which they become resident.

This provision is conditioned by the presentation of proof of the Personal Municipal Tax or of the National Reconstruction Tax (IRN) in the place of the previous domicile or proof of exemption, when resident in the national territory.

Failure to present this proof will mean the tax will be assessed and collected as late payment in the municipality of the current domicile.

5.2.2 In what circumstances are exemptions foreseen?

The following are exempt from IPA:

Art. 5 & 6 of the CTA

- Individuals who due to weakness, illness or physical handicap are incapable of working;
- Citizens who are doing their national service, comprising the year of they are called up until the year of discharge;
- Full-time students of the medium and university levels, comprising the year in which they lose this condition, until they complete 21 and 25 years of age, respectively, including Mozambican students abroad;
- Pensioners of the State, Municipality, Social Security and other forms of pensions, provided they do not earn other income;
- Foreigners at the service of their country of citizenship, when there is reciprocal treatment foreseen.

For the effective recognition of the **exemptions**, the interested parties shall apply to the President of the Municipality or Village and obtain the respective **exemption certificate**.

Exceptional exemptions

When exceptional circumstances occur, for example, natural disasters, the Municipal or Village Assembly can, by means of proposal by the Municipal executive body, **grant a temporary exemption** of the payment of the IPA to the taxpayers who are not in a financial condition to pay the tax in a certain year.

5.2.3 What are the applicable rates?

Art. 8 & 9 of the CTA

The IPA amount **in force annually** at each municipality is calculated by applying the **rates on the highest minimum national salary at 30 June of the previous year**, according to the classification of the Municipalities, as follows:

Classification of Municipalities	Applicable Rate	Rate in case of late IPA
Level A	4%	+ 2%
Level B	3%	
Level C	2%	
Level D	1%	
Village	1%	

The Municipal Assembly can decide that the taxpayer makes **the payment of the IPA in kind**. In this case, the corresponding equivalences to be used with the dispatch of the products which delivery can be accepted as village for the tax obligation will be indicated.

Art. 10 of the CTA



The annual rates in force are publicized by means of edicts affixed in the usual public places and in the newspaper with the highest circulation in the Municipality

Example:

Alexandre is 24 years old and resident in Maputo. He graduated in architecture in 2009 (full-time student) and immediately started with his professional activity. What are the procedures to comply with the IPA?

1. As from 18 years of age, Alexandre should hold an Exemption Certificate issued on his request by the Municipality, by means of presentation of a document that proves his student status issued by the respective education institution;
2. During 2009 he is exempt from IPA, because he meets the requirements – he completed his graduation in that year, was a full-time student and he is 24 years of age;
3. In 2010 he will have to pay IPA for the first time, for which he has to:
 - a. With payment he will fill in a registry card, which will contain his name, domicile, occupation and age. This card will serve as basis for the records of the Municipality where it will be filed in the general file.
 - b. Between 1st of January and 31st of December 2010 he should pay the amount of 110 MT, corresponding to:
 $2.758 \text{ MT} \times 4\% = 110 \text{ MT}$

Note: The amount of 2.758 MT corresponds to the highest minimum national salary since 1 April 2009 as per Ministerial Diploma n° 130/2009 dated 11th June.

5.2.4 How is the registry and collection of the IPA processed?

Art. 11, 13 & 14 of the CTA

The annual registration and collection of the IPA, in each Municipality, is promoted by the Municipal or Village Councils, with the participation of the community in the registration and collection operations, namely by means of:

- Entering in agreements with employers, in the cases where the nature and dimension of the work place allow for and recommend the use of the withholding at source mechanism;

- Creation of mobile collection posts and publicizing the dates and places of their functioning;
- In the case of IPA taxpayers who are simultaneously taxpayers of the IRPS – 1st category, the IPA is collected by withholding the amount on the respective salaries processed by the employer.
- In the case of employees paid by the State Budget, the tax is calculated according to what is established for the National Reconstruction Tax (see section 5.5).

5.2.5 What is the payment period?

The payment of the IPA occurs in the year to which the tax relates, **between the 2nd of January and the 31st of December**.

Art. 12 of the CTA

5.2.6 Proof of payment and exemption

With payment of the IPA the taxpayer must submit proof of payment of the tax or exemption for the previous year. Tax that has not been paid in previous years is always collected as late payment.

Art. 27 of the CTA

Proof of payment of the IPA is a receipt (in an approved form) called **Acquittance**. In the case of late payment of tax, the form will contain an “R” in a different colour.

Proof of exemption is made by means of a **Certificate** issued by the respective Municipality.



Non-compliance with the payment of the IPA or failure to present proof of the payment or exemption **prevents the processing of any administrative work** by all services and departments of the State and Municipalities, except for services rendered by hospitals, schools and assistance services

5.2.7 How is the reimbursement of IPA processed?

Art. 29 of the CTA

Whenever IPA has been paid by individuals who are not subject or are exempt from the tax, there has been duplication in payment or payment has been made at a higher rate, the taxpayer is entitled to reimbursement of the amount unduly paid, **within the period of 5 years following the collection**, by initiative of the services or at the request of interested parties.

5.3 Personal Immovable Property Tax (IPRA)

The Municipal Property Tax is regulated by Decree n° 63/2008, dated 30th December which approves the Municipal Tax Code (CTA) and by Decree n° 61/2010, dated 27th December approving the mechanisms to determine the property value of urban buildings located in the territory of municipalities, having the latter entered into effect on 1st January 2011.

5.3.1 On what or whom is the IPRA levied on?

Art. 35 of the CTA
Art. 5 of Dc 61/2010

5.3.1.1 Applicability:

IPRA is levied on the **patrimonial value of urban property / tenements**¹ located in the territory of the respective Municipality.

The property value is that included in the fiscal cadastre derived from the declaration on the property value submitted by the urban building owner in a specific form. The property value is subject to correction whenever that value is lower than the value calculated according to the formula referred in section 6.3.2.

Under article 12° of the Decree n° 61/2010, dated 27th December, the competent services at the local municipalities should proceed with the update of the property value and of the rest of the elements included in the building matrix for the purpose of constituting the fiscal cadastre.

For the purpose of calculation the IPRA for the year 2011, the determination of the property value of urban buildings registered before 2011 should be made on the basis of the information included in the existing building matrixes updated according to Decree n° 61/2010, dated 27th December.

5.3.1.2 Subjective incidence (incidence according to the subject):

Who are the taxpayers of the IPRA:

Art. 36 of the CTA

- Holders of ownership rights on the 31st of December of the year prior to the year to which the tax relates, including persons in whose name the properties are registered in the property registry or those who, on that date, are in the possession of the properties;
- In the case of co-ownership or more than one person who directly or indirectly is in possession of the property, the tax is due by any of them;
- In the case of undivided inheritance, the successors are responsible for the payment levied on the properties that were owned by the deceased;
- The insolvent estate is responsible for the payment of the tax levied on the buildings that were owned by the deceased.

5.3.2 When is the IPRA payable?

IPRA is payable:

Art. 38, 39 of the CTA

- In the year of conclusion of the construction works, if this occurs before the 30th of June or, in the following year, if construction is concluded after this date;
- In the year of conclusion of the improvements to the buildings or other changes that have changed the taxable value of the property or its classification, if occurred until the 30th of June or in the following year if it has occurred after this date;
- In the year following the term of the exemption, if applicable.

Works are considered to be concluded or changed at the latest of the following dates:

- Date of concession of the habitation or utilization license;

¹ Urban properties are buildings incorporated in the area with the free land around it.

- Date of submission of the declaration for the registration in the property registry;
- Date of inspection of the utilization of the property, provided that it is not precarious;
- Date on which the normal utilization of the property becomes possible for the purposes to which the same is conceived.



The owners or those who are in the possession of urban property that do not appear in the register of real state due to the lack of communication and submission of the declaration for registration, are subject to a fine equal to double the amount of IPRA.

5.3.3 Who is exempt from IPRA?

Art. 40 to 42 of the CTA

The following are exempt from IPRA:

- The State;
- Humanitarian associations and other non-profit entities that undertake public interest activities in the territory of the Municipality;
- Foreign States, with respect to urban properties exclusively used for the head offices of their diplomatic or consular missions or for residence of the head of the mission or consular service, when there is reciprocal treatment;
- The Municipality itself and of its services;
- The new building erected, in the part destined for residential purposes, during the period of 5 years as from the date of issuing of the habitation license. New urban buildings are those that have a habitation license issued in the name of the owner.

The President of the Municipality or Village is the competent authority to grant exemptions. With respect to exemptions to be granted to Humanitarian Associations and foreign States, by means of duly justified request by the interested parties. Regarding newly erected buildings, the application must be accompanied by the habitation license.

Exemptions cease to apply in the same year in which the conditions that determined their granting cease to exist.

5.3.4 How is assessment processed?

Art. 45 to 53 of the CTA
Art. 5 of Dc 61/2010

The assessment of the IPRA **is made by the Municipal services** on registry forms, from which the debtor notifications are issued.

In the case of:

- **Immovable property transfers under judicial proceedings** – the President of the Municipality or Village shall proceed with assessment and submit a certificate of the value, within a period of 10 days as from the date of request by the judge, for purposes of the ranking of the credits;
- **Demolished or expropriated buildings** – The tax is assessed with reference to the months elapsed until the commencement of the demolition or the date of expropriation;

- **New buildings** – The tax is assessed as from the month in which the temporary exemption ends, if granted;
- **Buildings that do not appear in the registry** – The tax is assessed on the basis of the definitive evaluation of the building. The value of assessment shall take into account the time during which the omission persisted, with the limit of 5 calendar years immediately prior to the assessment;
- **Alternations and improvements** – the patrimonial value which is added as a result of alterations in registered property is taxed by the corresponding tax, as from the month in which the increase occurs.

Assessment may be reviewed by the services when:

- Due to delays in updating the tax registry the tax has been assessed in an amount different from the amount of the tax due or in the name of a person or entity which is not the taxpayer;
- As a result of a new evaluation;
- Due to an error that resulted in an amount of the tax different than the amount due.



Assessments or corrections can only be made, even if cumulative within the 5 years following the year to which the tax refers.

An assessment can only be cancelled by the services if 5 years as from the date of payment of the tax have not elapsed.

There will be no assessment or cancellation if the amount of the tax chargeable or refundable is less than 100MT.

The value of the IPRA is calculated using the following formula:

$$\text{Vipra} = \text{Vp} \times \text{rate}$$

Where:

Vipra = Value of the Municipal Property Tax

Vp = Property value of the urban building

Rate = Rate of the Municipal Property Tax

5.3.5 What are the applicable rates?

Art. 44 of the CTA
Art 5 of Dc 61/2010

The amount of the IPRA is calculated by applying the following **rates on the patrimonial value**:

Purposes for which the building is destined	Rate applicable
Habitation / residential	0.4%
Commercial or industrial activities or the undertaking of independent professions	0.7%
If there is more than one purpose	0.7%

Note that for buildings made with precarious materials and to be used for housing, the rate is applied on a value equivalent to the highest minimum wage in effect on 31st of December of the previous year.

5.3.6 How to determine the property value?

Art 4 do Dc 61/2010

The property value (VP) shall be determined according to the following formula:

$$VP = (Ae \times P \times Fa + 0.05 \times AI \times P) \times FI$$

Where:

- Vp** – Property value of the urban building;
- Ae** - Built-up area of urban building;
- P** - Average price per square meter of construction - to be fixed by the Ministry of Public Works;
- Fa** - Age factor of urban building, as defined in Table I presented below;
- FI** - Location factor, as defined in Table II presented below;
- AI** - Land area that serves as a public place to the urban building

For the purposes of this formula, consider the following:

- The built area of the building represents the total area of the building or part thereof, measured along the exterior perimeter walls and shafts or tranche, including the dependencies;
- The average price by square meter includes the direct charges incurred in the construction of the building;
- Land that serve as public place include private areas for parking, balconies, basements, lofts, gardens, playgrounds, pool, patio and hallways;
- In the vertical and horizontal condominiums, the area that serves as a yard of each unit corresponds to the share of the total area of unbuilt condominium units apportioned between the units.

The age factor of the urban building is determinate as follows:

Table I – Age Factor

Age of urban building	Buildings for housing	Buildings intended for other purposes
Less than 5 years	Exempt	1
5 up to 10 years	1	0.95
11 up to 15 years	0.95	0.90
16 up to 20 years	0.90	0.85
21 up to 30 years	0.85	0.80
31 up to 40 years	0.75	0.75
41 up to 50 years	0.65	0.70
More than 50 years	0.55	0.65

The location factor of the building is defined by the local City Council in accordance with the value of each urban area, within the parameters set in the following table:

Table II – Location Factor of the urban building

City Council	Factor
Level A	0.75 – 1.50
Level B	0.75 – 1.13
Level C	0.70 – 1.12
Level D	0.65 – 1.00

5.3.7 When to undertake the registration or update of urban building?

Art 7 do Dc 61/2010

The registration or updating of urban property in the tax register must be carried out by the owner, with the appropriate departments of the Council of the local authority, when the following situations occur:

- Obtaining a license to use the urban building;
- Completion of construction or improvement that cause alterations to data in the register;
- Acquisition of urban property

Note that the local municipal Council may effect the official registration of urban buildings in the fiscal cadastre in the case the owner has not registered or updated the data on the urban buildings and whenever the buildings are re-evaluated.

5.3.8 What are the elements included in the fiscal cadastre?

Art 6 of Dc 61/2010

The fiscal cadastre should include the following elements for each urban building:

- Name, Number of the Identification Document and Fiscal Identification Number of the owner of the urban building;
- Full address of the urban building;
- Purpose of the building;
- Area built in m²;
- Exclusive area of fruition;
- Date of issue of the license for housing or other purposes;
- Property value.

5.3.9 What is the payment period?

Art. 55 to 57 of the

IPRA shall be paid in the Municipal Treasury **in a single instalment** or in **two equal instalments**, which are due in **January** and **June**. To refer that the resulting instalments cannot be less than 200 MT and tax in the amount of up to 400 MT shall be paid in a single instalment in the month of January each year.

In the case of:

- **Transfer of immovable property by means of a contract** – until the last day of the month following the payment of the SISA or signing of the notarial deed;
- **Demolition** – within 30 days as from the date the demolishing works started;
- **Expropriation** – before the compensation has been paid;
- **New buildings or buildings that do not appear in the registry, alterations and improvements** – with the first registry after entered into the immovable property registry or registration of the increase in income.

5.3.10 When is interest for late payment due?

Art. 55 of the CTA

Interest for late payment at the interbank rate Maibor 12 months plus 3 per cent is due for the non-payment of the IPRA within the established periods.

5.4 Municipal tax on Vehicles (IAV)

5.4.1 Objective incidence

Art. 64 of the CTA

IAV is levied on the **use and enjoyment of vehicles** registered with the competent services in the Mozambican Territory or, irrespective of the registry or inscription, as soon as one hundred and eighty days have elapsed as from the date of entry in the same territory, the same are in circulation or are used in normal utilization conditions:

- Light and heavy vehicles less than twenty five years old;
- Passenger motorbikes with or without a sidecar car and less than fifteen years old;
- Motorised aircraft for private use;
- Recreational boats with engine for private use.

The **registration** is the one that has to be done for the specific case by the competent services of the **department of vehicles, civil aviation or merchant marine**.

Vehicles that are circulating by their own means or are parked on the public roads or spaces, **recreational boats and aircraft**, provided that these hold valid navigation certificates, are considered as potentially **in use**. **Trailers** with their own number plate are included in the group of heavy vehicles.

5.4.2 Incidence in accordance with the subject

The **taxpayers** of the IAV are the **owners of the vehicles**, (individuals or public or private corporations), resident in the Municipality, in the name of which the vehicles are registered.

Art. 66 of the CTA

Lessees under financial leasing contracts and purchasers under a purchase agreement under which the seller keeps ownership until full payment, are considered to be owners.

5.4.3 Who is exempt?

The following entities are exempt from IAV:

Art. 68 of the CTA

- The State and any of its services, establishments and organisms, even if with own legal personality;
- Municipalities and their associations or federations of municipalities;
- Foreign States when there is reciprocal treatment;
- The personnel of diplomatic missions and consulates under the terms of the respective Conventions;
- Foreign or international organizations, under the terms of the agreements entered into with the State of Mozambique.

The **exemption titles** (M/2) are issued by the Municipal or Village Council and certified by the respective President.

5.4.4 What are the applicable rates?

The IAV rates are applied in accordance with criteria established for each type of vehicle. For motor vehicles, the law takes into consideration the type of fuel, cylinder capacity of the engine, the power, the voltage, the age, the load capacity or the number of passengers; in aircraft, the maximum weight at taking-off; for recreational boats the propulsion from 25 HP, amongst others as shown below in the respective tables.

Art. 70 of the CTA

The applicable rates in *Meticais* are the ones contained in the following tables for each type of vehicle:

Light Vehicles:

Groups	Fuel		Electricity	Annual tax according to age 1		
	Petrol (Cm3)	Other (Cm3)	Voltage	1 st bracket Up to 6 years (MT)	2 nd bracket + more than 6 and up to 12 years (MT)	3 rd bracket +more than 12 up to 25 years (MT)
A	Up to 1000	Up to 1500	Up to 100	200	100	50
B	+ more than 1000 up to 1300	+ more than 1500 up to 2000	+ more than 100	400	200	100
C	+ more than 1300 up to 1750	+ more than 2000 up to 3000		600	300	150
D	+ more than 1750 up to 2600	+ more than 3000		1.600	800	400
E	+ more than 2600 up to 3500			2.400	1.200	600
F	more than 3500			4.400	2.200	1.100

¹ (i) The age of the motor vehicles, motorcycles and boats is that on the 1st of January of the year to which the tax refers counted by calendar years, including for the motor vehicles and motorcycles, the year of registration contained in the respective registration documents;
(ii) Vehicles that are simultaneously registered as vehicles and boats are subject to the table that results in the highest tax;
(iii) Any modifications with respect to cylinder capacity or fuel or other undertaken on the vehicles does not imply the correction of the tax already paid and referent to the year to which the modifications occurred.

Heavy Delivery Vehicles:

Groups	Load Capacity (Kg)	Annual tax according to age 1		
		1 st bracket Up to 6 years (MT)	2 nd Bracket more than 6 up to 12 years (MT)	3 rd Bracket more than 12 up to 25 years (MT)
G	Up to 5000	180	120	60
H	+ more than 5000 up to 10000	360	240	120
I	+ more than 10000 up to 16000	1.080	720	360
J	+ more than 16000	2.160	1.440	720

Heavy Passenger Vehicles:

Groups	Passenger Capacity (Seats)	Annual tax according to age 1		
		1 st Bracket Up to 6 years (MT)	2 nd Bracket more than 6 up to 12 years (MT)	3 rd Bracket more than 12 up to 25 years (MT)
K	From 10 to 25	180	120	60
L	From 26 to 40	360	240	120
M	From 41 to 70	1.080	720	360
N	more than 70	2.160	1.440	720

Motorcycles:

Groups	Cylinder Capacity (Cm3)	Annual tax according to age 1		
		1 st Bracket Up to 5 years (MT)	2 nd Bracket more than 5 up to 10 years (MT)	3 rd Bracket more than 10 up to 15 years (MT)
A	Up to 50	50		
B	+ more than 50 up to 100	75	37,5	
C	+ more than 100 up to 500	150	75	37.5
D	+ more than 500	500	250	125

Aircrafts:

Groups	Maximum weight at take-off (Kg)	Annual tax
A	Up to 600	800
B	more than 600 up to 1000	2.400
C	more than 1000 up to 1400	6.400
D	more than 1400 up to 1800	11.200
E	more than 1800 up to 2500	17.600
F	more than 2500 up to 4200	32.000

- ¹ (i) The age of the motor vehicles, motorcycles and boats is that on the 1st of January of the year to which the tax refers counted by calendar years, including for the motor vehicles and motorcycles, the year of registration contained in the respective registration documents;
- (ii) Vehicles that are simultaneously registered as vehicles and boats are subject to the table that results in the highest tax;
- (iii) Any modifications with respect to cylinder capacity or fuel or other undertaken on the vehicles does not imply the correction of the tax already paid and referent to the year to which the modifications occurred.

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Groups	Maximum weight at take-off (Kg)	Annual tax
G	more than 4200 up to 5700	64.000
H	more than 5700	160.000

Recreational boats:

Groups	Tax according to the age of the boat 1					
	Recreational boats		1 st bracket – Up to 15 years		2 nd bracket – more than 15 years	
	Gross Tonnage (Tons)	Propulsion power (HP)	For each ton or fraction of gross (MT)	For each 10HP or fraction of total propulsion power (MT)	For each ton or fraction of gross (MT)	For each 10HP or fraction of total propulsion power (MT)
A	Up to 2	more than 25	180,0	100,0	120,0	80,0
B	more than 2 up to 5	Up to 50	230,4	112,0	147,6,0	93,6
		more than 50	255,6	123,0	160,8	93,6
C	more than 5 up to 10	Up to 100	282,6	123,0	172,8	93,6
		more than 100	333,0	149,0	187,2	106,4
D	more than 10 up to 20	Up to 100	345,6	149,0	199,2	106,4
		more than 100	410,4	174,0	225,6	118,4
E	more than 20 up to 50	Up to 100	421,2	174,0	225,6	118,4
		more than 100	484,2	186,0	252,0	131,2
F	more than 50	Up to 100	498,6	186,0	265,2	131,2
		more than 100	561,6	235,0	292,8	158,4

5.4.5 How is collection and payment processed?

Art. 71 to 73 of the CTA

The IAV is **annual**, paid **in a single instalment**, at the Municipal or Village Councils of the area of residence of the taxpayer, by means of processing of a form M/1 which shall be accompanied by the registration documents of the vehicle and, in the case of aircraft by the navigation certificate.

5.4.6 What is the payment period?

The period for payment of the IAV runs:

- From January to March of each year;
- When the use or enjoyment of the vehicle commences, if this fact occurs after the normal payment period;
- In the case of purchase of new vehicles, in the 30 days following the date of purchase.

5.4.7 Proof of payment¹

Light and heavy vehicles and motorcycles – Payment form M/1 and the corresponding inscription, which shall be affixed facing outward:

- **Light and heavy vehicles** – in the upper corner of the windscreen on the side opposite to the driver and well visible from outside;
- **Motorcycles** – in front on the right side, in a visible place protected from humidity, using appropriate support.

5.4.8 What are the penalties for non compliance?

The IAV transgressions are punished as per the following table and the penalties are graded according to the seriousness of the fault, the amount payable and other circumstances relating to the case:

Art. 79 to 92 of the CTA

Nature of infractions	Fine		CTA (articles)
Late payment of the IAV (*)	2 x the amount of the IAV		80
	1/2 the amount of the IAV	If paid wilfully within the 30 days following the deadline	80
Use of any vehicle without payment of the IAV due	3 x the amount of the IAV	With the joint and several liability of the driver	80
Failure to affix the license disk in the compulsory places (*)	250 MT		81
Affixing the license disk in a different vehicle (*)	5 x the amount of the IAV	Never less than 800 MT	82
Falsification or corruption of the proof documents	Between 2.500 MT to 50.000 MT	Without prejudice to criminal procedure	83
Non submission of the documents, when the driver declares that the IAV is in order	250 MT	If the documents are presented within 5 days from the date of fine	84
	500 MT	Failure to present the documents, without prejudice of other infractions	
Other infractions to the IAV	Between 250 MT to 1.500 MT		85
Failure to keep the documents of proof of payment or exemption	Fine graduated according to the above mentioned cases		86

(*) Irrespective of the fines foreseen, it implies the immediate confiscation of the documents of the vehicle. In the case the offence is repeated, the vehicle will be confiscated and the transgressor will incur in additional costs due for the sheltering or removal or parking of the vehicle.

The CTA establishes that:

- In case the transgressor is a corporation, the shareholders of the unlimited liability company, the shareholders who control the management decisions of the company and the directors and managers of the limited liability companies are jointly and severally liable;
- If the vehicles are owned by exempt entities, the directors, leaders or other managers of the services to which the vehicles are allocated are jointly and severally liable.

¹ Compliance with the IAV shall be inspected by the following authorities: Municipal or Village Councils, Department of Motor Vehicles, Traffic Police, Vehicle Registrar, Maritime and Civil Aviation Administration

5.5 Municipal SISA Tax

5.5.1 Real incidence

Art. 94 of the CTA

Municipal SISA Tax is levied on the transfer of ownership, for a consideration, or of parts of the right of ownership on immovable property (urban property located in the national territory).

The concept of transfer of urban property includes:

- The purchase and sale, the accord and satisfaction, the perpetual rental, life annuities, buying in, the award under agreement or court ruling, the constitution of usufruct, use or habitation, the free-farm (*emphyteusis*), the servitude and any other act by means of which the right of ownership of urban property is transferred;
- The promise to purchase and sell urban property with the transmission to the promissory purchaser occurs or when he/she is using the property;
- The promise to purchase and sell urban property, which contract states that the promissory purchaser can assign his right to third parties or such assignment is agreed at a later stage;
- The assignment of the contract position by the promissory purchaser of urban property whether within the scope of a right conferred in the promissory agreement or after this has been entered, except if the purchase and sale agreement has been entered with an appointed third party or with a company which was under incorporation at the time of signing of the promissory agreement and which purchases the property at a later stage;
- The dissolution, termination or voiding, by mutual agreement, of the purchase and sale agreement or exchange of urban property and the respective promissory agreement with the transmission, in any of the situations in which the urban property is returned to the seller, exchanger or promissory seller;
- The acquisition of urban property by exchange, for any of the exchangers, by the difference of values declared or by the difference between the patrimonial taxation values, whichever the higher;
- The excess of the quota to which the purchaser is entitled, in urban property, in the case of division, by means of buying in, sales by auction, agreement, transactions or draws, as well as the sale of the inheritance or part of it;
- The issuing of a power of attorney and the substitution of the attorney, which confers powers to sell the urban property, in which by waiver of the right to revoke or a similar clause, the represented is not entitled to revoke the power of attorney;
- The lease agreement which states that the ownership of the urban property is transferred to the lessee with the payment of the total rentals agreed;
- The lease or sublease of urban property for a period exceeding twenty years, which duration is established at the beginning of the contract by explicit agreement between the interested parties.

The following are also subject to the Municipal SISA Tax:

- The transfer for a consideration of the right of ownership of urban property in which the purchaser reserves the right to nominate a third party that acquires the rights and undertakes the obligations resulting from the contract;

- The incorporation of the company in which any of the shareholders realizes his/hers part of the share capital with urban property;
- The transfer of urban property as a result of the merger or unbundling of companies;
- The remission of urban property in judicial executions and tax foreclosures.

5.5.2 Subjective incidence (incidence according to the subject)

The Municipal SISA Tax is due by individuals or corporations to whom the rights on the urban property are transferred, comprising:

Art. 96 of the CTA

- In contracts for a person to be nominated, the tax is due by the original purchaser, without prejudice of the urban property that is considered to have been transferred again to the nominated person if this has not been identified or whenever the transfer to the original purchaser was exempt;
- In the incorporation of companies in which the shareholders realize their shares with urban property and in transfers as a result of merger and unbundling of companies, the tax is due by the original promisor and by each of the successive purchasers, to whom no exemption or deduction applies;
- In contracts of exchange of urban property, irrespective of the type of transaction, the tax is due by the exchanger who receives the property with the higher value. An exchange agreement is the agreement in which the instalments of both parties represent urban property, even if in future;
- In promissory agreements of exchange of urban property with transmission, to only one of the exchangers, the tax will be due by the purchaser of the assets, as if it was a purchase and sale agreement, without prejudice of the reform of the assessment or reversion of the taxpayer, whatever results from the final contract. In the case of reversion, the tax paid by the promissory purchaser will be cancelled;
- In the divisions, the tax is due by the purchaser of the urban property which value exceeds his/hers portion in those assets;
- In the granting of a power of attorney and substitution of the attorney, the tax is due by the attorney or by the substitute, to whom no exemption or deduction applies.

5.5.3 Who is exempt from SISA?

The following are exempt from SISA:

Art. 97 of the CTA

- **Automatic recognition** by the entity that intervenes in the act or contract:
 - The State;
 - The Municipalities;
 - The remission of urban property under judgment executions and tax foreclosure, when made by the judgment debtor;
- **Recognition by the Municipal administration**, on request by the taxpayer accompanied by the supporting documentation in the following cases:
 - Municipal associations or foundations with respect to the urban property which is directly and immediately destined for their purposes;

- Purchasers of urban property for residential purposes built by the Fund for Residential Development (*Fundo para o Fomento de Habitação*), created by Decree n.º 24/95, dated the 6th of June.
- The transfer of urban property by merger or unbundling of companies.
- Social security institutions as well as legally recognized social providence institutions with respect to the urban property which is directly and immediately destined for their purposes;
- Public utility associations duly recognized with respect to the urban property which is directly and immediately destined for their statutory purposes;
- The foreign States for the purchase of urban property exclusively destined for the head office of their diplomatic or consular missions or for the resident of the head of mission or consul, provided that there is reciprocal treatment;
- Humanitarian associations and other not for profit legally recognized entities, that in the national territory pursue purposes of social assistance, public health, scientific investigation, cults, culture, sport and recreation, charity and beneficence, with respect to urban property allocated to these purposes;
- Museums, libraries, schools, education or learning institutions and associations, scientific culture, literary or artistic and charity, assistance or beneficence, with respect to urban property destined, directly or indirectly, to those purposes.

5.5.4 What is the generating factor?

Generally the tax obligation arises at the time of transfer.

Art. 95 of the CTA

In contracts of exchange of present urban property for future urban property, the transfer occurs when the latter are concluded.

5.5.5 How is the taxable income determined?

5.5.5.1 In general:

Art. 99 of the CTA

The Municipal SISA Tax is levied on the value of transfer declared or on the patrimonial value of the urban property declared, whichever the higher, unless this deviates from the normal market price.

5.5.5.2 Special Rules:

Art. 100 of the CTA

Situations:	Incidence:
When any of the eco-owners or sharers sells his/hers right	For the portion of the patrimonial value that corresponds to the same or by the value of the act or contract whichever the higher
Exchanges of urban property	The declared difference of values, when higher than the difference between the patrimonial taxation values
Transfers under accord and satisfaction	On the patrimonial taxation value or on the amount of the debt that was settled with the urban property transferred, if higher
Transfers by means of waiver or assignment	On the taxation value of the urban property or on the value contained in the act or contract, if higher
Ownership transferred separately from the usufruct, use or habitation	On the value of the non-usufruct property or on the value contained in the act or contract, if higher
Constitution of usufruct, use or habitation or the waiver of any of these rights or if the usufruct is transferred separately from the ownership	On the current value of the usufruct, use or habitation or on the value contained in the act or contract, if higher
Long term leases and subleases	<ul style="list-style-type: none"> ▪ 20 times the amount of the annual rent, when \geq than the patrimonial taxation value of the property. ▪ The difference between the patrimonial value of the property on the date of lease and the value on the date of purchase or the declared value if higher, in case the lessee acquires the property.
Judicial or extra judicial divisions	On the patrimonial taxation value of the property plus the value allocated to the urban property not subject to register of real estate or, if this is higher, the value that served as base for the division
Transfer by means of compensation in judicial or extra-judicial divisions – registration contribution for a consideration.	On the amount of the compensation when the division is constituted in total by immovable and movable, on the part in which the compensation exceeds the value of movable assets.
Company incorporation in which a shareholder realizes his share with urban property	On the patrimonial taxation value or on the value for which the assets were booked in the accounts of the company, whichever the higher.
In the merger and unbundling of companies	On the patrimonial taxation value of all urban property of merged or unbundled companies that are transferred to the companies that result from the merger or unbundling, or on the value by which the same were booked in the accounts of the companies, if higher
Urban property purchased by the lessee by means of a purchase and sale agreement, at the end of the leasing agreement	On the residual value determined or determinable under the terms of the respective contract
Urban property purchased by the State, Municipalities or by judicial administrative buying in public sales	On the price contained in the act or contract
Urban property expropriated for public utility	On the amount of the compensation
Promise for the purchase and selling of urban property in which the promisor is allowed to assign his rights to third parties	On the part of the price paid by the promissory purchaser to the promissory seller or by the assignee to the assignor
Transfer by free farm (emphyteusis)	On the value of the immovable property in these conditions which may not be less that the result of 20 annuities, if any.

The value of the act or contract is, separately or cumulatively:

- The cash amount paid by the purchaser as the purchase price;
- The current amount of the life annuities;
- The amount of the perpetual rental;
- The amount of the rent that the purchaser has paid in advance, while lessee and which are not deducted from the price;
- The amount of the rents agreed, in the case of contracts with a clause stating that the ownership of the leased property is transferred to the lessee after total payment of the agreed rents;
- Any costs for which the purchaser is obliged to bear under the agreement.

5.5.6 Value represented in foreign currency

Whenever the taxable value is expressed in foreign currency, the exchange rates applicable are the average selling rates published by the Central Bank (Bank of Mozambique) on the date of the constitution of the tax obligation.

Art. 101 of the CTA

If there is no rate published on that date, it will be the rate previously in the previous day.

5.5.7 How is assessment and payment processed?

The assessment of the tax is of the initiative of the taxpayers by means of filling in and submission of a return in an official format. In the case that taxpayers do not take the initiative to assess the tax within the legally established periods and in cases where additional¹ assessment is required, the Municipal or Village Council shall promote the respective assessment by means of the referred return.

Art. 104 to 113 of the CTA

The referred return in official format to be submitted to the competent serviced of the Municipal or Village Council where the urban property is located shall contain the following information:

¹ As per nº 4 of article 106 of the CTA – In the case of disposal of inheritance or part of it, transfer by judicial or extra-judicial division, the assessment of the tax is always promoted by the competent services of the tax administration of the process of assessment and collection of the Successions and Donations tax.

Information contained in the return:	
Identification of the taxpayer	
Identification of the urban property	
Value of transfer	
Form of transfer (Attach copies of the following documents, if applicable)	Company incorporations in which the shareholders have realized their shares with urban property
	Transfer of urban property by merger or unbundling of companies
	Certified architect plans, in the case of exchange of present urban property for future urban property
	In the case of disposal of inheritance or part of it – presentation of a declaration for all urban property and the percentage of the transferor in the inheritance
	In the partial transfer of urban property registered in the register of real estate, the parts comprising the respective fraction of the building shall be declared
Other clarifications indispensable for the assessment of the tax	

5.5.8 What is the period for assessment?

The following table summarises the periods foreseen in the CTA for the assessment of the tax, considering the various situations on which the tax is levied:

Situations:	When must the tax be assessed?
General rule	Prior to the transfer of the urban property
Promise for the purchase and sale of urban property, as soon as tradition occurs to the promissory purchaser or if this is using the assets	Prior to the signature of the promissory agreement
Promise for the purchase and sale of urban property, when the promisor can assign its contractual position to a third party	Prior to the assignment
Assignment of the contractual position by the promissory purchaser of urban property, whether as a result of exercising the right conferred by the promissory agreement or after the agreement has been entered.	Prior to the assignment
Issuing of a power of attorney and the substitution of the attorney, which confers rights on a urban property, where the represented is not allowed to revoke the power of attorney	Prior to the signing of the power of attorney at the notary or prior of issuing the substitution instrument
Transfer for a consideration of the right on urban property where the purchaser reserves the right to nominate a third party that acquires and undertakes the obligations resulting from the contract	Prior of entering the contract for a person to be nominated
Contracts for exchange of present urban property by future urban property	30 days as from the date of signing of the contract



Assessment shall produce no effect in case the act or fact for which the SISA was paid does not occur within **the period of 2 years**

5.5.9 Where is the place of payment?

Art. 117 of the CTA

The Municipal SISA Tax is paid in Municipal or Village Council.

5.5.10 What is the payment period?

Art. 116 of the CTA

The following table summarises the period foreseen in the CTA for the **payment of the tax**, considering the various situations on which the tax is levied:

Situations:	Payment period:
General rule	On the date of assessment or on the 1 st following business day
Transfer by means of an act or contract performed or signed abroad	90 days after the act
Transfer by means of buying in public sale and judicial or administrative sale, award, transaction and conciliation	30 days as from the signature of the respective action or of the decision that homologates the transaction
Additional assessment (*)	30 days as from notification
Definitive ruling of the sentence in the case where due to the exercise of the right of preference, there is the substitution of the purchasers, resulting in a difference in assessment to be collected or cancelled	30 days as from notification
Judicial and extra-judicial divisions	30 days as from notification
Assessment of the Municipal Tax of SISA together with the tax on Successions and Donations	In the period established for the tax on Successions and Donations
Contracts on exchange of present urban property by future urban property, when transfer occurs with the conclusion of the latter	30 days as from signature of the contract

- (*) In the following cases additional assessment should be made, for which the taxpayer shall be notified:
- a. Omission of property subject to taxation;
 - b. Signing of contracts with the objective of reducing the amount of the tax and obtain undue advantages;
 - c. Factual or legal errors which prejudice the State.
- No additional assessment should take place when:
- a. Five years have elapsed from the assessment subject to correction;
 - b. When the amount is less than 100 MT for each collection document to be processed.

5.5.11 Proof of payment

Art. 117 & 123 of the CTA

Proof of payment is represented by the return in the official form accompanied by the receipt.



No act, fact or legal transaction referent to urban property can be definitively registered without the Municipal SISA Tax due having been paid.

5.5.12 What are the applicable rates?

The Municipal SISA Tax that is levied on the patrimonial value of the urban property is:

Art. 102 & 103 of the CTA

Rate applicable:	2%
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Note that the Municipal SISA Tax is assessed on the basis of the rates in force at the time of transfer of the urban property.

5.5.13 When is compensation interest due?

Compensation interest is due at the rate of Maibor + 2 per cent in force on the date of assessment, whenever due to a fact imputable to the taxpayer the assessment or payment of part of total of the tax due has been delayed.

Art. 119 of the CTA

Compensation interest accrues on daily basis as from the deadline for the submission of the return until the correction or detection of the fault that resulted in the delay.

To refer that when delay is due to calculation errors in the assessment, compensation interest cannot accrue for a period exceeding 180 days.

The late submission of the assessment return and the non-payment of the tax within the legally established period are considered as delay in assessment.

5.5.14 When is the tax reimbursable?

By cancellation of the assessment by the competent services or by decision or definitive ruling from the administrative entity or competent court, the tax must be reimbursed to the taxpayer together with indemnity interest.

Art. 132 of the CTA

Whenever the tax to be cancelled is less than 100 MT there will be no cancellation.

5.5.15 When do the State and Municipality have the right of preference or first refusal?

Art. 133 of the CTA

The State, the Municipalities and any other public corporate entities, represented by the State Prosecutor have the right of preference or first refusal in the sale, whenever there is:

- Inaccurate indication of the price or simulation of it, and
- The Municipal SISA Tax has been assessed for an amount lower than the tax due.

5.5.16 Who has powers of inspection and the duty to cooperate?

The compliance of the obligations referent to the Municipal SISA Tax is inspected by the municipal administration services.

Art. 120 to 126 of the CTA

The CTA established the duty of cooperation of various entities, namely:

- Conditioning the following acts to the payment of the SISA:
 - Processing of documents or titles referent to transfers, namely receipt by any courts or any national, local or municipal administrative authority (public offices and public utility corporate entities);

- Delivery by the executors of the will and head of family of any legacies or parts of inheritances comprising urban property;
- Registration of the act or legal transaction referent to urban property subject to registration.
- Requesting information and copies of documents referent to acts and contracts entered into and legalized, to the following entities:
 - Courts;
 - Notaries;
 - Ministry of Foreign Affairs.

5.6 Contribution on Improvements

5.6.1 Objective incidence

Art. 134 of the CTA

Contribution on Improvements is a **special** contribution that **comprises** the execution of the following works:

- Public works which result in an increased asset value, having as limit the total of the costs incurred and as an individual limit the increase in value that results from the works to the immovable property subject to the improvements, and
- Whenever the immovable property, located in the area of influence of the works, benefits from any of the following public works, undertaken by the municipality, whether under direct or indirect management:
 - Opening, widening, illumination, tree planning of squares and public roads;
 - Construction and extension of parks and gardens;
 - Embellishment works in general.

For purposes of incidence of the Contribution on Improvements the following works **are not included**:

- Paving of the public roads and places undertaken by the Municipality and which directly add value to the immovable property in question or adjacent properties;
- Repair and recoating of pavements;
- Changes to the geometric planning of public roads and places;
- Placement of transit passes and gutters.

5.6.2 Subjective Incidence (Incidence in accordance with the subject)

Art. 136 of the CTA

The taxpayer of the Contribution on Improvements is the owner or who has the possession of the improved immovable property.

5.6.3 When does the generating fact occur?

The generating factor of the Contribution on Improvements occurs with the commencement of the use of the public works for the purposes for which the same is destined.

Art. 135 of the CTA

5.6.4 Who is exempt?

The following entities are exempt from the Contribution on Improvements:

Art. 137 of the CTA

- The State;
- The Municipality itself and the non-profit associations and foundations of municipalities or villages with respect to the immovable property comprised in their assets;
- Humanitarian associations and non-profit other entities which undertake in the territory of the Municipality activities of relevant public interest;
- Foreign States with respect to immovable property purchased for diplomatic and consular premises, when there is reciprocal treatment.

The President of the Municipality or Village must define the procedures for the recognition of the exemption.

5.6.5 What are the requirements and procedures for the registration and collection?

The procedures for registration and collection of the Contribution on Improvements are approved in specific regulations by the Municipal or Village Council of the Municipality.

Art. 138 of the CTA

The execution of public works, namely, the opening, widening, illumination and tree planning of public squares and roads and the construction and extension of parks and gardens and other general embellishment works can be:

- Of the initiative of the Municipality with the prior agreement of at least 2/3 of the owners, or
- Determined by initiative of at least 2/3 of the owners of the immovable property located in the areas of influence.

The plan of the works is approved by the Municipal or Village Assembly prior to the registration of the tax. The Municipality shall publish an edict so that the beneficiaries of the works can verify that it is in accordance and exercise their right to contest the same within a period of 30 days. The edict shall contain the following elements:

- Description and purposes of the works;
- Description of the project;
- Budget of the costs of the project;
- Delimitation of the benefited area and list of immovable property in the same;
- Criteria for the calculation of the Contribution on Improvements, which shall be based on the cost of the works and shall be divided by the owners of the improved immovable property.

5.6.6 What are the rules for payment of the Contribution on Improvements?

The following are the rules for payment that the CTA confers to each of the taxpayers for their part in the cost of the works:

- Payment can be made in a single instalment, benefiting from a 15% discount on the amount of the part due;
- Taking into consideration the value of the works, payment may be made in instalments (maximum 12 instalments);
- If there is delay in payment of 3 instalments, the debt becomes payable in full and subject to coercive collection.

5.7 Fees for Licenses Issued and for Economic Activity

Art. 139 of the CTA

In light of the law of basis of the Municipal Taxation System (Law n° 1/2008 dated the 16th of January), Municipalities can charge fees for the granting of licenses and for economic activities, which amounts are determined by means of proposal from the President of the Municipality or Village.

Fees are due for the licensing of the following activities:

- Realization of simple infra-structure and equipment;
- Licenses for allotment, execution of private works, occupation of public roads due to works and use of buildings;
- Use and enjoyment of the municipal land;
- Occupation and enjoyment of the public domain under municipal administration and enjoyment of the assets of public use;
- Rendering of services to the public;
- Occupation and use of places allocated to markets and fairs;
- Authorization for street vending on public roads and places;
- Assessment and confirmation of weight, measures and measurement apparatus;
- Parking of vehicles in parking spaces;
- Authorization for the use of means of advertising destined for social propaganda;
- Utilization of any premises destined for public comfort, convenience or recreation;
- Funerals, granting of land and use of tombs, ossuary and other premises in cemeteries managed by the Municipality;
- Sanitary licensing of premises;
- Any other license of the competence of the municipalities which processing is not exempt by law;

- Registrations determined by law;
- Trading by street vendors on streets and other public places;
- Trading in fairs and markets without determined place;
- Any other workmanship activities or rendering of services, when undertaken without premises or home manufactured;
- Fee for economic activity including tourism activities;
- Other charges contained in the current codes and by-laws.

5.8 Tariffs and Fees for the Rendering of Services

Art. 140 of the CTA

Municipalities may administer means that allow them to render services to the public. In this case, the respective tariffs (whenever possible always on the basis of cost recovery) are determined by the Municipal Assembly and the procedures for charging are established by the Municipal or Village Council.

The tariffs and fees apply in the following cases:

- Water and electricity supply;
- Collection, deposit and treatment of solid waste, as well as the connection, maintenance and treatment of drainage;
- Collective urban transport of passengers and cargo;
- Use of slaughter-houses;
- Maintenance of gardens and markets;
- Road maintenance.

6. OTHER TAXES AND RATES COMMON TO OTHER SECTORS OF ACTIVITY

Although it does not form part of the Taxation System, we hereby present a summary the main requirements and rates due for the Use and Enjoyment of the Land and the Urban Soil, as well as the fees due by the Notaries because it is of interest for a large number of companies.

6.1 Right of Use and Enjoyment of the Land

The Constitution of the Republic states that:

“.....land is property of the State and cannot be sold or by any other manner disposed of nor mortgaged or pledged..... As a universal means for creation of wealth and of social wellbeing, the use and enjoyment of the land is a right of all Mozambican people....”

Within this context, the State determines the conditions of use and enjoyment of the land by individuals and corporations, recognizes and protects the rights acquired by inheritance and occupation, expressed in the Land Law – Law n° 19/97 dated the 1st of October.

The **administrative procedures for access to land**, as well as the **regime of use and enjoyment of land in the cities and villages** are provided for in the following regulations:

- **Regulations on the Land Law¹ (RLT)**, which applies to the areas that are **not within the areas included** under the jurisdiction of Municipalities with municipal land registration offices;
- **Regulation on Urban Soil² (RSU)**, which applies to areas within legally existing cities and villages as well as in human villages or population areas organized by an urbanization plan.

6.1.1 Land Law Regulations

6.1.1.1 Granting the right of use and enjoyment of the land

Art. 9 to 12 of the RLT

Under the terms of the Land Law Regulations, the right of use and enjoyment of the land is acquired by:

- Occupation by local communities, according to local usage;
- By national individuals, who are using the land in good faith for the last 10 years;
- By national or foreign individuals and corporations, by means of an application for the granting of the right of use and enjoyment of the land;
- By co-sharing of the right of use of enjoyment of the land by individuals and / or corporations or local communities.

6.1.1.2 What are the main rights and duties of the holders of the right?

The following are the main rights and duties of the holders of the right

Art 13 & 14 of the RLT

¹ Approved by Decree n° 66/98 dated the 8th of December with amendments introduced by Decree n° 77/99 dated the 15th of October and Decree n° 1/2003 dated 18th of February.

² Approved by Decree n° 60/2006 dated the 26th of December

to the land:

Rights:
Defend themselves from any intrusion from third parties, within the terms of the law
Have access to their plot and the hydrological resources of public use through neighbouring plots, building the necessary servitude for this purpose
The applicants or holders of the right of use and enjoyment of the land may present the certificate for the temporary authorization or the title for purposes of obtaining funding from credit institutions.
Duties:
To use the land according with the legal principles and in the exercise of the economic activity, according with the exploration plan
Give access to their plot to neighbours who do not have communication with the public road or with the public hydro resources, building the necessary servitude
Respect the servitude constructed and registered and the related rights of access or public use
Allow for the execution of operations or the installation of accessories and equipment conducted within the scope of the mining prospecting and exploration license, by means of fair compensation
Maintain the marks of the borders, triangulation and cadastral markers and any other that serve as points of reference located in the respective area
Cooperate with the land titles office (land registry services), certified surveyors and sector inspection agents.

6.1.1.3 What is the period granted for the use and enjoyment of the land in the case of investment projects?

Art 18 & 19 of the RLT

The right of use and enjoyment acquired for the undertaking of investment projects approved under the terms of the law applicable to national and foreign investment will be the period established in the respective authorization up to the limit of 50 years, renewable, by means of a request submitted within the 12 months prior to the end of the period and proof that the holder continues to undertake the activity for which the initial application was made.

Non-compliance of the exploration plan without justified reasons may result in the extinction of the right of use and enjoyment.

The extinction of the right to the land may also result for public interest reasons, in which case a fair compensation shall be paid to the holder.

6.1.1.4 What are the rates and periods for payment?

The following **authorization and annual rates** apply to the applicants and to the holders of the right of use and enjoyment of the land:

Art. 41,42 & annexed tables of the RLT

Description		Amount of rate	Payment period		Place of payment
Authorization fee	Temporary	600 MT	At the beginning of the process		Register of real estate services or by delegation of these to the local body of the Ministry of Agriculture
	Definitive	300 MT	Within 3 months after notification to the applicant that the right has been granted		
Annual fees ²⁵	Other activities	30 MT/Ha	From the notification to the applicant of the granting of the temporary authorization	Once-off in the first 3 months of the year, or in 2 instalments: 1 st - until the end of March 2 nd - until the end of June.	
	Cattle-breeding	2 MT/Ha			
	Re-population of wildlife in game farms	2 MT/Ha			
	Permanent cultures	2 MT/Ha			
	Agriculture	15 MT/Ha			
Tourism, holiday residences and trading ²⁶ - plots up to 1 Ha.	200 MT				

Annual rates are subject to adjustments related with the location, size and purpose of the use, by applying the following indexes:

Description			Index
Location	Maputo province (a)		2,0
	Plots bordering upon:	Partial protection zones	1.5
		Priority development areas ²⁷	0.5
		Other areas	1,0
Size (b)	Up to 100 ha		1,0
	De 100 a 1.000 Ha		1.5
	Superior a 1.000 Ha		2.0
Purpose of use	Associations not for gain purposes		0.5

Notes:

(a) Does not apply to the cattle-breeding (bovine cattle) activity

(b) Does not apply to the following activities: Cattle breeding (bovine cattle), repopulation of wildlife in game farms and permanent cultures;

Art. 44 of the RLT

National individuals benefit from a reduction in the amount of the tax by applying the index **0.8**.

²⁵ Tables updated by Decree n° 77/99 dated 15th of October

²⁶ These activities when located in the strip with the extension of 3 km bordering upon the public domain area of the sea front

²⁷ The districts referred to in art 2 of the Organizational Statute of the Cabinet for the Development of the Zambezi Region attached to Decree n° 40/95 dated the 22nd of August are considered priority development areas.



The holder of the right of use and enjoyment of the land who due to conditions that are of his/hers control and responsibility is unable to comply with the exploration plan may apply for an **exemption of the annual rate up to a period of 3 years**

6.1.1.5 Who is responsible for the supervision of the Land Law Regulations (RLT) and what penalties are established?

Art. 37 & 39 of the RLT

The land registry services are responsible for the supervision of the compliance of the Land Law Regulations.

The following represent infractions subject to penalties:

Art. 3 & 21 of the RSU

Infractions:	Penalties:
Destroying or displacing of border marks, triangulation marks, cadastral registry and other that serve as points of reference	Equivalent to double the replacement cost
Non-compliance with the period established for the registration	Equivalent to the amount of the registration fee x n° of years or part of an year in arrears
Delay in submitting the renewal request	Equivalent to the amount of the renewal fee x n° of years or part of an year in arrears
Late payment of the annual rate	Equivalent to one twelfth of the annual rate for each month in arrears
Non demarcation, in the case of a process referent to the right of use and enjoyment of the land under an authorization	Cancellation of the temporary authorization and of the process
Non-payment of the fine within 15 days as from notification implies the referring to the fiscal authorities for coercive collection.	

6.1.2 Regulations on the Urban Soil

The Regulations on the Urban Soil establish as a pre-requisite the granting of the right of use and enjoyment of the land that there must be urbanization, requiring that the urban areas include areas destined to social equipment and public services and that those areas are not considered State reserves.

It further states that the right of use and enjoyment cannot be granted on partial protection zones. However, it foresees that in certain conditions and within defined validity periods **special licenses be granted** conditioned to the non-objection (within the period of 30 days) by the local entities that are responsible for the management of the interior and sea waters, national roads and railways, civil aviation, energy, defence and public order, as the case may be.

6.1.2.1 What is urbanization?

Urbanization is the transformation of the land by implanting infra-structure, equipment and edifications that ensure the physical village of the population in conditions that benefit from services of increasing level and quality, namely in the fields of health, education, road traffic, sanitation, trading and leisure.

The Regulations define levels of urbanization according to the quantity and quality of public use facilities placed at the disposal of the users:

Art. 22 of the RSU

- **Basic urbanization**, when the following cumulative conditions exist in the area:
 - Patches or plots destined for different uses are clearly delineated;
 - The layout of the streets starts from a network of accesses that comprise the circulation of vehicles;
 - There is water supply in quantities and quality that are compatible with the uses through disperse sources;
 - The streets are completely planted with trees.
- **Intermediary urbanization**, when the following cumulative conditions exist in the area:
 - Patches or plots destined for different uses are clearly delineated;
 - The streets are finished with good quality soil and mechanically stabilized;
 - There is an open cast system for the drainage of the rain water;
 - Water supply is ensured by a distribution network to residences;
 - Electricity supply is ensured by a distribution network to residences;
 - Streets and green areas are completely planted with trees.
- **Full urbanization**, when the following cumulative conditions exist in the area:
 - Patches or plots destined for different uses are clearly delineated;
 - The streets are finished with asphalt or reinforced concrete delimited by curbs;
 - The drainage of rain water is handled through an appropriate network;
 - Water supply is ensured by a distribution network to residences;
 - Electricity supply is ensured by a distribution network to residences;
 - Streets and green areas are completely planted with trees;
 - Public sidewalks are completely coated;
 - Telephone communications are covered by appropriate networks.

6.1.2.2 What are the forms for access to the right of use and enjoyment of the urban soil?

Art. 24 to 30 of the RSU

The right of use and enjoyment in the urbanized areas may be granted by means of any of the following:

- By **approval of the granting**, by means of the application by the interested party (can only be made by national citizens or corporations), addressed to the competent services of the Local State Bodies or Municipalities;
- By means of a **lottery**, for plots or lots located in basic urbanization areas. This is only open to national citizens and the competent Local State Bodies or Municipalities shall

establish a minimum of 20% of the total of the plots for low income citizens or those in a less favoured situation;

- By **public sale**, for the granting of the right of use and enjoyment of land of patches or plots located in areas of intermediary or full urbanization, destined for residential buildings, trading and services. The opening bid cannot be less than the amount of the urbanization fee;
- By **private negotiation** between Local State Bodies and Municipalities and the proposers of the projects, for the granting of the right of use and enjoyment of land in patches or plots destined for:
 - Building of a residence by direct initiative of residential associations or cooperatives;
 - Installation of industrial, agricultural and cattle-breeding units;
 - Installation of shopping centres, terminals, commercial warehouses, etc.;
 - Construction of residences associates to large projects.
- By **occupation in good faith** recognized within the scope of the process of preparation of land use plans – inquiry phase – provided that the occupation fits in and the occupant undertakes to respect the rules of the land use plan.

Exceptionally and in the case of projects of relevant national interest, the Government may, after consulting with the local State Body or the Municipality, revert land to its direct domain (State Land) and expropriate the improvements erected on the same, by means of the payment of a fair compensation, of which calculation criteria are established by law.

6.1.2.3 What are the main rights and duties of the holders of the right to the land?

The following are the main rights and duties of the holders:

Art. 33 & 34 of the RSU

Rights of the holders:
Use the land within the limits established by law
Have access to the public road
Have access to public services of water, electricity, telephone and other in the conditions established
Mortgage the immovable property and improvements erected on the land or with respect to which he / she holds ownership rights
Be compensated in case of expropriation for reason of public utility for the immovable property and improvements erected on the land or with respect to which he / she holds the ownership rights
Duties of the holders:
Erect buildings and commence activities for which the land is destined, within the defined period
Not to alter the purpose of the use of the land without due authorization
Respect the legislation on the right of use and enjoyment of the land, on building and on the activities that will be developed on the land
Maintain the marks of registry borders and elements of the public infrastructure existing on the land
Cooperate with the Local Bodies of the State and Municipalities and other public or State entities, providing the required assistance in the undertaking of their functions

6.1.2.4 What is the period to commence construction on the land?

Art. 36 & 37 of the RSU

The periods are the following:

- The period for **commencement of construction** is established by the Local Bodies of the State or Municipalities and shall not exceed the period of 2 years. By means of a justified request by the interested party to the competent entity, the period may be extended for a period not exceeding 6 months. The right of use and enjoyment of the urban soil is automatically terminated after this period.
- The period for the **commencement of the use** of the land is established by the Local Bodies of the State or Municipalities. The period will take into consideration the period necessary for the obtaining of licences, the commencement of the construction, its phases and conclusion and shall not exceed the period of 10 years as from the date of granting of the right of use and enjoyment of the land.

6.1.2.5 What is the document that serves as proof of the right of use and enjoyment of the urban soil?

Art. 41 to 44 of the RSU

The document that proves the right of use and enjoyment of the urban soil is the respective valid **Title**, issued in the form annexed to the Regulations of the Urban Soil.

The title contains **annotations** which are an integral part of the title and are only valid if made by a senior officer of the Local Bodies of the Public Administration, with explicit mandate for this purpose.

The following acts are subject to **annotation**, after proof of payment of the respective rates has been presented:

- The renewal of the right of use and enjoyment of the land;

- The transfer of the right of use and enjoyment of the land;
- The issuing of building licenses and extensions to it;
- The commencement of the construction;
- The authorization of the use of the land with the description of the construction undertaken;
- Other construction undertaken;
- The constitution of servitude.

The following are subject to registration at the Registrar of Immovable Property / Real Estate by initiative of the holders of the right:

- The constitution of the right of use and enjoyment of the land and the period for commencement of the construction;
- The commencement of the construction;
- The authorization of the use of the land and precise description of the construction undertaken;
- Mortgages;
- The extinguishing of the right and expropriation;
- Limitations to the exercise of the right of use and enjoyment of the land.

6.1.2.6 Who has the competence to approve the urbanization rates/ fees and within what periods?

Art. 49 & 50 of the RSU

The rates due for urbanization, as well as the tables of fees charged for the issuing of the titles and annotations are approved by the Municipal Assembly and where these do not exist, by the Provincial Government.

The conditions and criteria to follow for the payment of the urbanization rates are defined by the Local State Bodies or Municipalities. Payment shall be made within a maximum period of 3 years and the amount of payment of the initial payment shall not be less than 10% of the total amount.

6.1.2.7 Who is responsible for the inspection / supervision and what are the penalties?

Art. 45 & 46 of the RSU

The inspection of the compliance with the Regulations on the Urban Soil is undertaken by the Local State Bodies and Municipality.

The following infractions are subject to penalties:

Infraction:	Fines:
Non-compliance with the period for the commencement of the use of the land for the purposes it was destined	Between 10,000 MT and 30,000 MT
The use of the land for a purpose different from that contained in the title	Between 10,000 MT and 30,000 MT
Late payment of the annual fee	Amount of the renewal fee x n° of years of fraction in delay
Non-payment of the fine within the period of 15 days as from notification implies the referral to the fiscal executions for coercive collection.	

6.2 Table of Fees charged by the Registrars and Notaries

The fees of **registrations** undertaken by the **Offices**, namely:

- Civil Registration;
- Commercial Registration;
- Vehicle Registration;
- Immovable Property Registration;
- Criminal Registration;
- Registration of Nationality;
- Registration of Associations and Foundations;

and of the **Notary Acts** are established by Ministerial Diploma n° 19/98 dated the 4th of March and Ministerial Diploma n° 150/2001 dated the 3rd of October which updates the fees related to the notary acts and company registration.

These are comprehensive tables and the referred legislation shall be consulted for each specific case.

To refer that Ministerial Diploma n° 19/98 dated the 4th of March establishes the following general rules:

- Personal fees from acts undertaken afterhours belong to the official or officials who effectively take part of the act;
- Personal fees resulting from the study of documents, drafting of applications and drafts are divided amongst all officials of the office in the proportion of their respective remunerations;
- In no case can personal fees be higher than half of the monthly remuneration of each official and the excess of the personal fees reverts to the social services of the Registrars and Notaries;
- No personal fees are due for the records of deaths and marriages, when issued on Saturdays, Sundays or public holidays or afterhours;

- For the certification of signatures of the officials of the Registrars and Notaries, at the National Directorate of Registrars a fee of 50 MT is due, which reverts to the social services of the same.

Given that the companies are interested in knowing the fees referent to the most common acts, below we present a summary of the tables of the Notary Acts and Commercial Registration according to the classification established by Ministerial Diploma n° 18/98 dated the 4th of March.

6.2.1 Notary Acts

6.2.1.1 General rules to be followed in the application of the fees table

- The fees established in the table are doubled:

Art. 26 to 33 of the Notary Acts Table - DM 19/98 dated 4 th of March

 - In the acts that are undertaken afterhours, Saturdays, Sundays or public holidays;
 - In the case of certificates, or similar documents requested or applied for on urgent basis.
- When the deed contains more than one act or in the case of fixed and variable fees and separate instruments, which contain more than one act, the following rules apply:
 - The fee established for each deed **for a single act** is taken into consideration (article 5 of the Table on Fees for Notary Acts) and the highest fee is due in total while the other fees are only due in 50%;
 - If the fixed fee corresponding to each of the acts is the same, the fee referent to the first act will be charged in full and half of the fee for each of the remaining acts;
 - In the case of various acts with a specific amount, the fee established for each act must be taken into consideration (article 5 of the Table on Fees for Notary Acts) with respect to the respective amount.
- There is a plurality of acts if the name corresponding to each of the accumulated legal transactions is different or if the parties are not the same.
- The following will not be regarded to be new acts:
 - Interventions, acquiescence and waivers by third parties, necessary for the completeness of the legal effects or for the perfecting of the acts to which the same refer;
 - The guarantee acts between the same parties.
- The following are considered as a single act:
 - The sale and the onerous assignment between the same parties;
 - The lease and the rental, as well as the contract of simultaneous leasing and partnership, between the same parties and for the same period;
 - The winding up of a company and the liquidation and division of the respective assets;
 - The reciprocal acquiescence between spouses or the joint acquiescence of the husband and wife, for acts issued or to be issued in another instrument;

- The power of attorney or its substitution by husband and wife, provided that the attorney is the same;
- The various guarantees given by third parties and obligations undertaken in the same title and between the same parties.
- The following are considered acts between several parties:
 - As confirmation of heirs referent to different estates;
 - The division of different inheritances, except if the authors are husband and wife.
- The total of the fees payable shall be rounded up in *Meticais*.
- No fees are due in the following cases:
 - For certifications in poverty certification or in written documents destined to obtain legal assistance or any other public assistance benefits;
 - For certifications in receipts of interest in arrear or pensions up to the amount of the national minimum salary;
 - For the acts declared free of charge by law.
- In instruments, certificates, certifications, public forms, each line must contain in average twenty five letters when handwritten and forty five letters when written by mechanical means.
- The provisions of the table do not allow for extensive interpretation even if the situations are identical or there is majority of reason. In the case of doubt on which fee to apply, the lowest fee shall be charged.
- The following fees are considered to be personal fees:
 - Fees for each instrument of minutes of meetings of social and assistance organizations – by each hour or fraction – revert in full on behalf of the official;
 - Fees for the translation of documents issued by notaries – reverts in full on behalf of the official;
 - The additional amounts charged for the entering of any act during business hours but outside the office premises on request by the interested party;
 - The additional fees charged for the entering of any acts afterhours on request by the interested party – revert in full on behalf of the official.

6.2.1.2 The value of the Notary Acts

In general, the value of the notary acts is the value of the goods that are object of the same.

Art. 1 a 3 of the Notary Acts Table -
DM 19/98 dated 4th of March

6.2.1.2.1 Acts with determined value

Specifically, the value of the acts with determined value is presented in the following table:

MANUAL ON TAXES INCLUDED IN THE NATIONAL AND MUNICIPAL TAX SYSTEMS

Acts:	Value:
Exchange	The sum of the value of the exchanged goods
Accord and satisfaction	The value of the debt paid or the value of the goods given in compliance, if higher than the former
Guarantees	The value of the guaranteed capital
In those that establish periodic instalments or pensions	The total amount of the same or the amount of the instalments or 20-year pensions, if the number is undetermined or higher than that limit.
Incorporation of companies, amendments to respective articles of association or winding up with or without appointment of liquidators	The amount of the share capital even if not fully paid up
Increase of share capital with or without amendments to the respective clauses in articles	The amount of the increase
Increase of share capital with partial amendments to the clauses of the articles of association which do not directly relate to the increase	The amount of the increase or of the referred amendment to the share capital with which the company will remain, whichever results in a higher fee
Increase of share capital with transformation or full replacement of the articles of association	The amount of the new share capital
Reduction of share capital with or without amendments to other clauses of the articles of association	The amount of the capital resulting from the reduction
Creditors agreement	The amount of the share capital of the new company
Participation in association with entries/allocations	The amount of the entries
Amendments to the sectional title that involves creation or amendment of the composition of the autonomous fractions	The value of the corresponding fractions
Rectifications which involve increase of the value of the rectified act	The amount of the difference between the original and the new value
Liquidation or division of corporate assets, even when undertaken simultaneously with the winding up	The value of the assets liquidated or divided or of the share capital, if higher

6.2.1.2.2 Acts with Undetermined Value

The following acts are considered to have an undetermined value:

Acts:
Incorporation or amendments to associations, cooperatives and foundations
The revoking, additions to or amendment of clauses that are not part of the articles of association, when there is no increase of the initial share capital
Acceptance and ratification
Certification that does not involve increase of the value of the rectified act
Qualification
Rejection of inheritance or legacy
Renunciation or confession, desistence or transaction, when the economic value does not result from the respective content
Amendments to the sectional title which only refers to the destination of the fractions or to the fraction of its relevant value

MANUAL ON TAXES INCLUDED IN THE NATIONAL AND MUNICIPAL TAX SYSTEMS

The value of the goods shall be the value of each item, the value attributed by the parties or, if higher, the value that corresponds to the same as a result of the application of the following rules:

Acts:	Value:
With respect to immovable property	The fiscal value, irrespective if there are or if there are no duties payable to the tax authorities
With respect to shares, public debt certificates and other credit titles	The official listing, referred, in the case of division the date of opening of the succession, in the remaining cases, to one of the 30 days prior to the date of the act, in the absence of the listing, the value determined by the Chamber of Stock Brokers or in the absence of the same, double of the nominal value
With respect to gold objects, foreign currency, precious stones and similar	The value attributed to the same with reference to the dates foreseen, by the official appraiser of the district or in the absence of the same of the adjacent district
With respect to commercial or industrial establishments	Five times the collectable amount corresponding to the immovable property or part of it, occupied by the establishment or the value of the rental for five years, if higher
With respect to parts or quotas of share capital in companies that are not companies by shares	The nominal value or, if higher, the value on which the tax due on transfer was paid
With respect to assignment of credits	The nominal value of the assigned credit
With respect to instalments in kind	The last official price or, in the absence of this, the average price of the last three years, according to the municipal stevedore of the town hall if any
With respect to goods or acts which value is established in foreign currency	The equivalent amount in local currency, according to the last official exchange rate published

6.2.1.3 Table of fees

Acts issued in books or in separate instruments:	Fee:	Article:
For each public will or instrument approving a closed will	50 MT	4
Added to the fees foreseen in the previous paragraph by each page or fraction, except for pages which only contain signatures or the legal mentions following the signatures.	10 MT	
For each deed with a single act for incorporation of companies, cooperatives, associations and foundations or prenuptial agreement	100 MT	5
By each deed with a single act of qualification or justification	50 MT	
By each deed with a single act of any other kind	50 MT	
Added to the fee foreseen in the previous number by each page or fraction, except for pages which only contain signatures or the legal mentions following the signatures ²⁸	5 MT	

²⁸ Art. 25 of the Table of Notary Acts –

The fees of articles 5 and 6 are reduced by half in justification deeds for purposes of immovable property registration, when the immovable property does not exceed 20,000 MT.

The fee of article 6 (amounts updated by Ministerial Diploma n° 150/2001 dated the 3rd of October) is reduced to half in the following deeds:

1. Acquittal of debts resulting from loans or deposit;
2. Cancellation or revoking of notary acts;
3. Partial amendment of articles of association, extension of the company or simple winding up with or without appointment of liquidators.

MANUAL ON TAXES INCLUDED IN THE NATIONAL AND MUNICIPAL TAX SYSTEMS

Acts issued in books or in separate instruments:	Fee:	Article:
Added to the total value of the fees foreseen in the previous number if the act that constitutes the object of the deed is of determined value: ²⁹		
Up to 5,000,000 MT	2 per thousand	6
On the excess 5,000,000 MT	0.1 per thousand	
For each instrument of opening of a closed will	50 MT	7
For each power of attorney with powers for business management	200 MT	8
For each power of attorney with general business management powers of an establishment, branch, subsidiary or agency of companies by shares or limited society by shares, when issued by these to managers or agents	300 MT	
For each power of attorney with simple forensic powers	50 MT	
For each power of attorney with any other powers	25 MT	
For instruments of substitution, half of the fee corresponding to the power of attorney with identical powers but never lower than: If the powers conferred or substituted are subject to a different fee, the higher fee shall be due	25 MT	
For each instrument of protest of a negotiable instrument:		9
With value not exceeding 100 MT	10 MT	
Exceeding 100 MT but not exceeding 1,000 MT	20 MT	
Exceeding 1,000 MT	50 MT	
By each instrument of minutes of a meeting of any social organization and assistance to the same (the time spent at the place of the meeting is counted as from the time the presence of the notary was requested):		10
During the meeting and up to 1 hour	100 MT	
For each hour or fraction	50 MT	
For any other separate instrument with a single act different from the acts foreseen in the previous articles	50 MT	11

Other acts issued in the books:	Fee:	Article:
By each presentation of title under protest with an amount not exceeding 100 MT	10 MT	12
By each presentation of title under protest with an amount exceeding 100 MT	20 MT	
Amount to be added to the fees if the title presented is removed from the protest after the notifications have been issued (by each title)	20 MT	
By each registration issued in the book to which paragraph g) of n° 1 of article 10 of the Notary Code refers	20 MT	13
By each term of opening of signature	10 MT	14

²⁹ Art. 24 of the Table of Notary Acts – a 50% increase in the fees on deeds for division of joint property, division of donated assets, (while donor was alive) in terms of article 209 of the Civil Code and vision of inheritance. A 20% increase on deeds for the incorporation of companies, total amendment of articles of association, transformation or liquidation of division in the same companies

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Acts issued in other documents (not in the books):	Fee:	Article:
By each certification with a single intervening party (spouses are always considered as a single intervenient)	10 MT	15
For each additional intervenient	5 MT	
For the legalization of each signature – certification of signature by comparison	5 MT	16
For the certification of signature in person, or by for the certification of the handwriting and signature and certifications that contain reference to any special circumstance	10 MT	
For the translation of a document issued prepared by the notary for each page. Fractions of pages, besides the first page, are not considered for fee purposes	200 MT	17
For the certificate of the exactness of the translation of each document undertaken by a sworn translator.	50 MT	
By each authentic-copy certificate, photocopy or certificate, different from those foreseen in the previous paragraph (documents from the second half of the XIX century, writing in ciphers or language other than the official language and maps or accounts by figures are subject to additional 50% – art. 24)	30 MT	18
Amount added for each page	5 MT	
For the certification of a photocopy of each document presented by the parties and respective certificate	5 MT	
Photocopies forming part of protest instruments and issued officiously	0 MT	
By each annotation that depends of the initiative of the interested party	25 MT	19
For each information provided in writing on an registration issued in the books on the protest of the negotiable instrument referent to a single instrument	25 MT	20
For each information provided in writing referent to a registration issued in the books on the protest of the negotiable instrument for each additional instrument	5 MT	
For the undertaking of any act within business hours but outside the office, on request by the interested party, add to the fees that are due for the act. ³⁰ Transport costs are also added, if applicable. The fee is charged in full with respect to the first act and in half with respect to the remaining acts, if the costs are to be borne by the same interested party. Only one fee will be charged if it is only for certifications, registering of signature and terms of certification. There is no fee payable when the certifications, registering of signature and terms of certification are practiced together with another act.	250 MT	21
For the undertaking of any act afterhours, on request by the interested party, add to the fees that are due for the act. The fee is doubled whenever the acts are entered before 7 a.m. or after 6 p.m. on request by the interested party, as well as on a day on which the office is closed.	150 MT	22
For acts requested but that are not undertaken or not concluded by reasons that are only imputable to the parties, the following costs are due:		23
If the notary has only prepared the draft – fees that would be due for the act	50% of the amount	
If a substantial part of the draft was issued, the fees that would be due for	100% of	

³⁰ Art 25 of the Table on Fees for Notary Acts:

The fee in art. 21 is reduced:

- To 1/2 if any of the intervening parties is under imprisonment or hospitalized;
- To 1/3 when exclusively destined to certifications, terms of certification or opening of signature.

Acts issued in other documents (not in the books):	Fee:	Article:
the act	the amount	
If the substantial part of the act has not been totally written, but it already contains the elements necessary to determine the nature and amount – fees that would be due for the act	50%	
If the act is interrupted without the circumstances foreseen in the previous number – in the case of acts issued in the books	10 MT	
If the act is interrupted without the circumstances foreseen in the previous number – in the case of acts that are issued in separate documents (not in the books)	5 MT	
If the notary has prepared the draft for the act, only the fee due for the act is charged	50% of the amount	
If the request is for an act to be practiced outside the office and the notary has left the office, besides the fees that would be due for act as per the previous numbers, it is due	250 MT + transport expenses	

6.2.2 Commercial Registration

6.2.2.1 General rules to be followed for the application of the fee table

Art. 17 & 18 of the Registration Commercial Table - DM 19/98 dated 4th of March

- Fees due for the registrations in which the value is determined but it is expressed in foreign currency are calculated based on the exchange rate of the day previous to the day of presentation.
- If registration is levied on ships located in the area of jurisdiction of more than one Registrar and if the part of the value allocated to each ship is not defined, the total value will be equally divided amongst them so that each Registrar charges the fee in the proportion of the number of ships that belong to it (as established in n° 2 of article 3 of the Table on Fees for the Immovable Property Registration updated by Ministerial Diploma n° 150/2001 dated the 3rd of October:
 - If the registration is of determined value the following fees will be charged:
 - Up to 5,000,000 MT. 2 per thousand;
 - On the excess of 5,000,000 MT..... 0.1 per thousand.
- If registration is made by annotation the division foreseen in the previous paragraph shall only take place if a document is presented which proves that the fact that originated the registration to which the annotation refers was registered on all ships.

6.2.2.2 The value of facts subject to registration

In general, the value of the registered fact is the value contained in the respective titles or the value determined by the parties, in the absence of the value contained in the respective titles or if the latter is higher.

Art. 14 to 16 of the Table on Commercial Registration - MD 19/98 dated 4th March

The following table contains the values of the following facts:

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Table of the Commercial Registration
MD 19/98 dated 4 March

Acts:	Value:
If the title refers to different values	The highest value or the sum of the values, when added on the same, with respect to the registered fact
Registration of the incorporation of a company or reinforcement, incorporation or reinstatement of share capital	The value of the fact will be the amount of the share capital or the amount of the increase or reinstatement of the share capital, respectively
Registration of changes to the articles of association, extension, transformation and merger of companies, when the same do not imply increase in share capital, as well as reduction of share capital, bankruptcy, moratorium, concordat or agreement with creditors	Are considered to be of an undetermined value
In registrations of winding up, liquidation and division	The value is the amount of the share capital or the difference between assets and liabilities if higher than the amount of the share capital
If the liquidation and division occurs after the winding up and the fee paid for the winding up was lower than the fee established in the previous paragraph	The value will be the difference together with the fee for the annotation of the liquidation and division
The value of the usufruct	The value equal to half the value of complete ownership, in the case that the declared amount is higher, this will be considered for fee purposes
In the mortgage or pledge referent to credit with interest	Only the interest of one year will be considered for determination of the value of the registered fact
The value of the attachment, seizure or enrolment	The net amount or value of the assets to be protected
The value of any annotations on mortgages or collaterals	Never higher than the amount of the respective credit

6.2.2.3 Table of fees

Description:	Fee:	Article:
For each presentation note in the "General Ledger"	50 MT	1
For each registration of a sole proprietor	100 MT	2
For each registration of company or ships	50 MT	
For each registration	200 MT	3
If the inscription is of a determined amount the following will be charged ¹ :		
a) Not exceeding 5,000,000 MT	2 per thousand	
b) On the excess of 5,000,000 MT	0.1 per thousand	
Inscription of the pre-nuptial agreement of an undetermined amount or trial balance	500 MT	4
For the transcription based on the voluntary change of the head offices of the company or the port of registry of the ship:		
a) Of each registration and respective annotations	150 MT	
b) De each inscription and respective annotations	200 MT	5
For each annotation of the cancellation of the registration	50 MT	
For each annotation of cancellation of the inscription and for the pledge, attachment, seizure or enrolment of mortgages, as well as the transfer of rights contained in the inscription	250 MT	
If the inscription is of determined value and exceeding 5,000,000 MT it adds to the total amount:		
a) Not exceeding 5,000,000 MT	1 per thousand	
b) On the excess of 5,000,000 MT	0.05 per thousand	
For each annotation excluding those included in article 5	50 MT	6
For each registration note	10 MT	7
For each act of rectification when this does not result from an error or initiative of the registrar, besides the respective annotation and rasa	50 MT	8

¹ Updated by Ministerial Diploma n° 150/2001 dated the 3rd of October

7. GENERAL RIGHTS AND MEANS OF DEFENCE OF THE TAXPAYER

Article 50 of Law n° 2/2006, dated 22nd March (Law on General Taxation) defines taxpayer's rights as:

"...

a) *not to pay taxes not established in harmony with the Constitution;*

b) *to submit claims or hierarchical appeal, request revisions or submit contentious appeals for any acts or omissions of the tax authorities that were harmful to the legally protect rights or interests of the taxpayer. These must be made within the time period and the justification established in the Law n° 2/2006, dated 22nd March;*

c) *to be informed by the Tax Department on the interpretation of the tax laws and the most convenient and reliable way to comply with them;*

d) *to be informed about their correct taxable situation".*

To understand line b) above, reference is made to Law n° 15/2002, (Law on the Taxation System Basis) which refers to the rules of tax assessment and the general scheme of taxation infringements.

In terms of tax assessment, article 26 of Law n° 15/2002 states that:

"...It is officious when assessed by the tax administration or is self-assessed when assessed by the taxpayer; being officious it can be of the additional type or the presumed type".

In the case of officious assessment and additional assessment, article 85 of Law n° 2/2006 states that the notification to the taxpayer should include the following information:

- Name of the taxpayer;
- Tax identification number;
- Date of notification;
- The event object of the notification and the respective tax period;
- Amount assessed, interest and fines;
- Request for the tax payment and the respective deadline;
- Place, way and period of time to effect the payment;
- Basis for the assessment when it implies an increase of the taxable amount in relation to that declared by the taxpayer;
- Procedures to claim, review, appeal, or contentiously appeal that may be exercised, indicating the deadlines and the competent institutions.

Note that this procedure (compulsory notification to the taxpayer) does not apply when the assessment is performed based on the taxpayer's returns within the normal period of the levying

and collection of the different taxes. In this case, it is up to the taxpayer to proceed with the respective payment without depending on any notice from the tax administration.

Whenever there is a divergence between the tax value assessed by the tax administration and the value self-assessed by the taxpayer the latter can request the necessary clarifications invoking his right as stated in abovementioned line d) of article 50 of Law n° 2/2006. Article 58 of the same Law states:

- “1. The taxpayer enjoying the legally protected rights and interests shall be notified (...) in order to exercise the right of hearing to contest on the relevant events for the decision.*
- 2. The right of hearing exists in the following phases of the proceedings:*
 - a) Before the assessment if it is significant different from the income return presented by the taxpayer;*
 - b) Before the total or partial rejection of claims, reviews, appeals or petitions;*
 - c) Before the revocation of any benefit or administrative act in taxation matters;*
 - d) Before the conclusion of the report of the tax inspection.*
- 3. Hearing may not take place when it becomes unnecessary, namely when:*
 - a) The act is not unfavourable to the taxpayer;*
 - b) It is necessary to take an immediate decision, unless the collection of the receipt is at risk in that case.*
- 4. Hearing is waived when the assessment is performed on the basis of the income return of the taxpayer or the decision on the request, claim, review, appeal, or petition is favourable to him.”*

Once the notification is received, and whenever it seems to have errors or lack of justification for the amounts, to which it refers to, the following procedures are available to the taxpayer:

- The **claim**, which shall be against the entity that performed the liquidation, usually the Directorate of the respective Taxation zone;
- The **contest** or **hierarchical appeal**, to submit to the respective hierarchical superior, usually the President of the Tax Authority;
- The **contentious appeal**, to the Tax Court of first level.

Specifically in relation to the **claim**, article 127 of Law n° 2/2006 states that grounds exist on the occurrence of “...any illegality, namely:

- a) Erroneous qualification and quantification of the income, profits, wealth values and other tax events, including the total or partial inexistence of the taxable event;*
- b) Incompetence;*
- c) Absence or fault in the legal demand;*
- d) Non-compliance with other legal formalities.”*

A non-chargeable claim cannot be submitted when a contentious appeal has been submitted with the same justification (p. 2 of article 127).

The non-chargeable claim is presented within a period of 60 days from the following events (article 128 of Law n° 2/2006):

- End of the period for payment of the tax instalments legally notified to the taxpayer;
- Notification of the remaining acts, even when they do not originate any assessment excluding the assessment of the taxable amount by indirect methods;
- Notification of auxiliary liable persons in the process of fiscal execution;
- Formation of presumption of tacit rejection;
- Knowledge of acts against the interests legally protected not covered in the previous paragraphs.

When the justification consists of the non-compliance with essential formalities, the corresponding period established for a non-chargeable claim is one year.

In the cases when the taxable amount is determined by indirect methods, the procedure for the non-chargeable claim is substituted with the possibility of requesting the review that can take place within the subsequent three years.

The total or partial rejection confers the right to a contentious appeal to submit within the period of 30 days.

Alternatively, hierarchical appeal may take place to submit within the period of 90 days (articles 138 and 139 of the mentioned Law).

Once the hierarchical appeal has taken place and if the decision is total or partially unfavourable, a contentious appeal may take place within the period of 90 days counted from the notification of the decision.

Claim or appeal does not have a suspension effect in legal terms, unless a suitable security has been submitted.

In all cases, however, whether there is a non-chargeable claim of a hierarchical appeal, whenever there is the suspension effect of the assessment, the taxpayer shall proceed within the respective period to the payment of the part of the tax levied to the taxable amount that is not in discussion; otherwise, a fiscal execution process may proceed.

The submission of contentious appeal is ruled until the date of the publication of the new legislation, by the old Regulation on Dispute of Contributions and Taxes (Legislative Diploma 783, dated 18th April 1942), whilst Law n° 2/2004, dated 21st January establishes the following three hierarchical levels:

- The tax courts established in each province in the terms of the same Law, such as the first proceeding;
- The Second Section of the Administrative Court, in second proceeding;
- The Plenary of the Administrative Court, as last proceeding.

In the first level of appeal, the tax courts shall refrain from acknowledging the tax matters subject to claim or hierarchical appeal, before such ways are exhausted.

What has been referred to above on matters of notification of transgressions, claims, and appeals is equally applicable, with the necessary adaptations, regarding fines determined in a process of tax transgression.

The Tax Courts are being progressively created in all the Country. Until now the following courts have been created and functioning in the following provinces:

- Maputo city, Province of Maputo (in the City of Matola), that cover the provinces of Maputo, Gaza and Inhambane;
- Beira that covers the Provinces of Sofala and Manica;
- Tete for the Province of Tete;
- Quelimane for the Province of Zambézia; and
- Nampula covering the provinces of Nampula, Cabo Delgado e Niassa.

8. LIST OF APPLICABLE LEGISLATION

Law n° 17/2009, dated 10th of September

Approves the Code on Tax on Specific Consumption (Excise Duties) and the respective annexed table (applicable rates).

Decree n° 69/2009, dated 11th fo December

Approves the Regulation of the Tax Code on Excise Duty.

Ministerial Diploma n° 25/2008, dated 2nd of April

Approves the Regulation on the Use of the Control Seal of for Alcoholic beverages and processed tobacco and revokes all provisions that contradict what is established in this Diploma.

Decree n° 6/2004, dated 1st of April

Approves the Code on Stamp Tax altered later by Decree n° 38/2005, dated 29th August.

Decree n° 38/2005, dated 29th of August

Amends Articles 2, 6, 9 and 13 of the Stamp Tax Code, approved by Decree n° 6/2004 dated 1st April.

Law n° 28/2007, dated 4th of December

Approves the Code on Successions and Donations.

Decree n° 46/2004, dated 27th of October

Approves the SISA Code.

Decree n° 4/87, dated 30th of January

Approves the Code on the Tax on National Reconstruction

Ministerial Diploma n° 219/2010, dated 15th of December

Establishes the rates of the National Reconstruction Tax in force in 2011.

Decree n° 19/2002, dated 30th of July

Approves the Regulation on Tax on Vehicles whilst the previous taxes on trucks and compensation as well the car vehicles stamp were revoked.

Law n° 1/2008, dated 16th of January

Defines the financial, budget and wealth regime of the local municipalities and reforms the Municipal Tax System.

Decree n° 63/2008, dated 30th of December

Approves the Municipal Tax Code and revokes Decree n° 52/2000 dated 21st of December.

Decree n° 61/2010, dated 27th of December

Approves the mechanisms to determine and correct the property value of urban buildings located in the territory of municipalities and subject to the Municipal Property Tax.

Law n° 19/97, dated 1st of October

Land Law.

Decree n° 60/2006, dated 26th of December

Approves the Regulation on Urban Soil.

Decree n° 66/98, dated 8th of December

Approves the Regulation on Land Law and revokes Decree n° 16/87, dated 15th of July.

Decree n° 77/99, dated 15th of October

Sets differentiated rates to apply to certain specific activities under the Regulation of the Land Law approved by Decree n° 66/98 of 8th December.

Decree n° 1/2003, dated 18th of February

Amends Articles 20 and 39 of the Regulation of Land Law approved by Decree n° 66/98 of 8th December.

Ministerial Diploma n° 19/98, dated 4th of March

Updates the tables of fees and the rates of reimbursement for acts performed in the services of Registry and Notary.

Ministerial Diploma n° 150/2001, dated 3rd of October

Updates the table of fees for acts of notary and registration of companies.

Decree n° 46/2002, dated 26th of December

Approves the General Scheme of Non Adherence to Tax Legislation.

9. REFERENCES

Besides the legislation listed in the previous chapter:

Constitution of Republic of Mozambique

Approved on 16th of November 2004 published on the I Series, BR (Government Gazette) 51 dated 22nd December 2004.

Decree Law nº 47344, dated 25th of November 1966

Approves Civil Code

Law nº 15/2002, dated 26th of June (Law on the Basis of the Tax System)

Establishes the basis for the implementation of the new tax system on income, observing the principles of unity and progressiveness to complement the reform of indirect taxes. It also defines the principles of organization of the system, taxable persons' guarantees and obligations and the tax administration as well as essential elements of the tax.

Title III describes the content of the National Tax System and the remaining Titles are read in conjunction with Law nº 2/2006 dated 22nd March, considering as revoked all that is not in conformity with the latter.

Law nº 2/2006, dated 22nd of March (Law on General Taxation)

Establishes the general principles and provisions regulating the tax jurisdiction of the country applicable to all national and municipal taxes.

Prata, Ana – *Dicionário Jurídico* – Moraes Editores 1^a edição – Lisboa, Setembro 1980.