

Legislation on **INVESTMENT** in Mozambique



INVESTMENT PROMOTION CENTRE

Law on Investment
Regulation of the Investment Law
Code of Fiscal Benefits



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Law on
INVESTMENT



Law n° 3/93, of 24th June



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REPUBLIC OF MOZAMBIQUE
ASSEMBLY OF THE REPUBLIC

Law n° 3/93, of 24th June

Preamble

An awareness of the need to establish a legal framework to regulate the process of carrying out, in Mozambican territory, both national and foreign private investment undertakings, which can contribute to progress and the improvement of well-being in the country, led to the adoption of Law n° 4/84, on 18th August, and the corresponding Regulations on Direct Foreign Investment, approved by Decree n° 8/87, of 30th January.

In complement to these, Law n° 5/87 was enacted on the 19th of January, and Decree n° 7/87, of the 30th of January, approved the Regulations on the Procedures for National Investments. Through Decree n° 10/87, also of the 30th of January, the tax and customs incentives applicable to private national investments were established.

The profound changes underway throughout the world in general, and in Mozambique in particular, especially those arising from the implementation of the Economic Recovery Programme and the adoption of the new Constitution of the Republic, together with the need to adopt a more open and objective economic policy which favours greater participation, complementarity and equality of treatment of national and foreign investments, have brought about the need to revise the existing legislation regarding investment matters.

In this context, with a view to adequately adjusting and improving the legal framework on private investment matters in the country, the Assembly of the Republic, under Section 1 of Article 135 of the Constitution, determines:



CHAPTER I

General Provisions

Article 1

(Definitions)

1. For the purposes of this Law, the following definitions shall apply:
 - a) Economic activity – the production and commercialisation of goods or the rendering of services of whatever nature, carried out in any sector of the national economy;
 - b) Foreign capital – the contribution valuable in monetary terms and made available under the investment forms contemplated in Article 9, and in accordance with the regulatory provisions of this Law, which have been brought in from abroad for carrying out investment project(s) in Mozambique;
 - c) Invested capital – the capital effectively paid up and applied in a direct investment project, whether national or foreign, in accordance with the definitions of paragraphs 1m) and 1n) of this Article;
 - d) National capital – the sum total of the contribution valuable in monetary terms under any form of participation in the investment through own equity capital, shareholder loans, movable or immovable assets and rights incorporated or to be incorporated in the investment project, in accordance with the Regulations of this Law;
 - e) Own equity capital – that part or component of direct investment made through provision of funds, assets or rights duly evaluated and certified by competent authority, belonging to the national or foreign investor and used for the realization of share capital in the company which will carry out and operate the investment project;
 - f) Re-exportable invested capital – assets and rights which comprise the direct foreign investment, under the definition of paragraph 1m) of this Article, corresponding to the values arising from the liquidation, if the undertaking is wound up, or to receipts from disposal, or payment of full or partial compensation, relating to the said assets or rights, after the payment of applicable taxes and any due debts and met any other obligations existing or foreseen in the terms of the authorization granted for carrying out the investment project;
 - g) Undertaking – activity of an economic nature in which national or foreign capital has been invested to carry out and operate an authorized investment project;
 - h) Company – the entity which carries out an economic or business activity, in an organized and continuous manner, and which is responsible for the implementation of the investment project and the subsequent operation of its activities;



- i) Franchising – commercial contract through which the franchiser or licensor supplies and allows, wholly or in part, the use of certain know-how, trademarks, emblems or commercial symbols to another person, with exclusivity and with or without guarantees of technical assistance and marketing services, the franchisee or licensee being obliged to make the necessary investments and agreed periodic payments and to accept control by the franchiser over the commercial activity undertaken;
- j) Foreign investor – individual or corporate person bringing to Mozambique from abroad capital and resources belonging to or at the own account and risk of the said person, with a view of carrying out direct foreign investment as defined in paragraph 1m) of this Article, in a project under this Law;
- l) National investor – individual or corporate person who makes available capital and resources belonging to or at the own account and risk of said person, with the aim of carrying out direct national investment, as defined in paragraph 1n) of this Article, in a project approved in accordance with this Law;
- m) Direct foreign investment – any form of foreign capital contribution valuable in monetary terms which constitutes own equity capital or resources at the own account and risk of the foreign investor, brought from external sources and to be used in an investment project for carrying out an economic activity, through a company registered in Mozambique and operating from Mozambican territory;
- n) Direct national investment – any form of contribution of national capital valuable in monetary terms which constitutes own equity capital or resources at the own account and risk of the national investor destined for use in an investment project for carrying out an economic activity, through a company registered in Mozambique and operating from Mozambican territory;
- o) Indirect investment – any form of investment whose remuneration and/or repayment does not exclusively consist of the direct participation of its contributors in the distribution of profits resulting from the operation of activities in projects in which the type of investment contemplated in Article 10 has been applied;
- p) Exportable profits – that part of profits or dividends (net of all operating costs) resulting from the activity of a project involving direct foreign investment eligible for the remittance of profits abroad under the provisions of the Regulations of this Law approved by the Council of Ministers; the investor is entitled to effect such remittance abroad at his/her own initiative, after having provided for the settlement of taxes and any other obligations due to the Government, any legal deductions for building up or replenishing the reserve fund, and for the repayment of loans and respective interest payments and any other obligations with third parties;
- q) Foreign person – any individual whose nationality is not Mozambican, or, in the case of a corporate person, the company originally formed under the legislation of another country, or which, having been formed in the Republic of Mozambique under Mozambican laws, has more than 50% (Fifty percent) of the respective share capital held by foreign persons, as provided for in paragraph 2 of this Article;



- r) Mozambican person – any citizen of Mozambican nationality or any company or institution formed and registered under Mozambican laws, with headquarters in the Republic of Mozambique, and in which the respective share capital belongs at least 50% (Fifty percent) to Mozambican citizens, companies or institutions, whether private or public;
 - s) Project – an undertaking of an economic activity in which one intends to invest or has already invested national or foreign capital, or a combination of both national and foreign capital, and which has been granted the necessary approval by the competent authority;
 - t) Direct foreign reinvestment – the application in an undertaking of all or part of the profits resulting from the operating activities of any direct foreign investment project, whether in the same undertaking which generated such profits or in other undertakings carried out in the country;
 - u) Direct national reinvestment – the application of all or part of the non-exportable profits resulting from the operating activities of a particular investment project, whether in the same undertaking which generated such profits or in other undertakings carried out in the country;
 - v) Earnings – any income generated in a given period of operating activity of an investment project, such as profits, dividends, royalties and other forms of remuneration associated with the concession of rights to access and use of registered technologies and trademarks, as well as the payment of loan interest and other payments related to direct and indirect investment;
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- x) Industrial Free Zone – area or unit(s) of industrial activity geographically delimited and regulated by a specific customs regime whereby goods therein which are destined exclusively for export production, including the export goods produced by such activities, are exempt from any customs duties and related taxes or para-fiscal charges and shall also benefit from appropriate exchange, fiscal and labour regimes especially instituted and designed for the efficient functioning of the undertakings operating therein, particularly with regards to their commercial and financial obligations abroad, provided the expected benefits to Mozambique include the general stimulation of regional development and the generation of general economic benefits and, in particular, the expansion of productive and commercial capacity, a wider tax base, the creation of jobs and the generation of foreign exchange;
 - z) Special Economic Zone – area of general economic activity geographically delimited and subject to a special customs regime under which all goods entering, located, circulating, manufactured or transformed therein or exported therefrom are totally exempt from any customs, duties and fiscal or para-fiscal charges, and enjoy, furthermore, a free exchange regime, including for offshore operations, appropriate fiscal, labour and immigration arrangements instituted and adequate to the rapid entry and efficient functioning of enterprises and investors wishing to operate there, in order to enable the fulfilment of their commercial and financial obligations abroad; provided the country expects to gain from the promotion of regional development and generation of general economic benefits and, in particular, the expansion of productive and commercial capacity and tax base, and the



creation of jobs and of foreign exchange.

2. To calculate the percentage participation in the share capital for the determination of the nationality of the investor, in accordance with the provisions of paragraphs 1q) and 1r) of this Article, the origin of the capital shall be determined by summing-up the shares pertaining, respectively, to the foreign and the Mozambican persons.

Article 2

(Object of the Law)

1. The present Law seeks to establish the basic and uniform legal framework for the process of carrying out both national and foreign investments eligible for the guarantees and incentives provided for in this Law, in the Republic of Mozambique.
2. Those undertakings in which investments are being or have been made without compliance of the provisions of this Law and its Regulations shall not be eligible to benefit from the guarantees and incentives herein contemplated.

Article 3

(Ambit of application)

1. The present Law shall apply to investments of an economic nature carried out in Mozambique which intend to benefit from the guarantees and incentives herein established, including those investments carried out in industrial free zones and in special economic zones, and which are in accordance with the provisions of the Regulations approved as per Article 29 of this Law, independently of the nationality and the nature of the investor.
2. This Law shall not apply to investments made or to be made in the areas of prospecting, research and production of petroleum and gas and in mineral resources extraction industries.
3. The present Law shall neither cover public investments financed by funds from the State Budget, nor investments of an exclusively social character.

Article 4

(Equality of treatment)

1. In carrying out their activities, foreign investors, employers and workers will enjoy the same rights and be subject to the same duties and obligations applicable to nationals in accordance with the legislation in force in the Republic of Mozambique.
2. Exception to the provision of paragraph 1 of this Article shall be those cases of projects or activities by nationals which by their nature or scale of investments and undertakings, may merit special treatment and support from the Government.



Article 5

(Assumption of international agreements)

The provisions of this Law shall not restrict any guarantees, advantages or obligations specially contemplated in international agreements or treaties to which the Republic of Mozambique has become a signatory.

Article 6

(Basic guiding principle for investments)

Investments covered by this Law, irrespective of the form they may assume, should contribute to the sustainable economic and social development of the country, meet the principles and objectives of national economic policy and satisfy the provisions of this Law and of its Regulations and any other applicable legislation in force in the country.

Article 7

(Objectives of investments)

The carrying out of investments under the present Law shall, inter alia, pursue the following objectives:

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- a) the development, rehabilitation, modernisation or expansion of economic infrastructures for the operation of productive activities or for rendering services necessary for supporting productive economic activities and promoting the country's development;
- b) the expansion and improvement of national production capacity or of capacity to render services which support productive activities;
- c) contributing towards training, expansion, and development of national entrepreneurs and Mozambican business partners;
- d) the creation of jobs for national workers and the raising of professional skill levels of the Mozambican labour force;
- e) the promotion of technological development and the improvement of entrepreneurial productivity and efficiency;
- f) the increase and diversification of exports;
- g) the rendering of productive services and of those generating foreign currency;
- h) the reduction and substitution of imports;
- i) contributing towards improving the supply of domestic markets and the satisfaction of the priority and basic needs of the population;
- j) any direct or indirect contribution towards improving the balance of payments and government budget revenue.



Article 8

(Forms of direct national investment)

Direct national investment may assume any of the following forms valuable in monetary terms:

- a) cash;
- b) infrastructures, equipment and relevant spare parts, materials and other goods;
- c) granting of operating rights over concessions, licences and other rights of an economic, commercial or technical nature;
- d) granting, in specific cases and under the terms agreed upon and approved by competent authorities, of land usage concession rights, patented technologies or registered trademarks, for which remuneration is limited to the participation in the distribution of profits resulting from the activity in which such rights, technologies or trademarks have been or shall be applied.

Article 9

(Forms of direct foreign investment)

Direct foreign investment may consist of any of the following forms valuable in monetary terms:

- a) freely convertible currency;
- b) equipment and relevant spare parts, materials and other imported goods;
- c) the granting, in specific cases and under the terms agreed upon and approved by the competent authorities, of concession rights to use patented technologies or registered trademarks for which remuneration is limited to the participation in the distribution of profits resulting from the activities in which such technologies or trademarks have been or shall be used.

Article 10

(Forms of indirect investment)

Except for those cases stated in paragraph b) of Article 8, of paragraph c) of Articles 9, and of paragraph 2 of Article 17, indirect investment, whether national or foreign, shall consist of any or a combination of loans, shareholder loans, additional supplies of capital, patented technologies, technical processes, industrial models and secrets, franchising, registered trademarks, technical assistance and other forms of access to the use or transfer of technology and registered trademarks, and which access to use is under exclusivity or a licensing arrangement restricted to a geographic zone or to commercial and/or industrial activity area.



Article 11

(Areas for investments by free private initiative)

Areas open to free initiative for private investments shall be all those of economic activities which are not expressly reserved to the ownership or exclusive operation by the Government or to the investment initiative by public sector.

Article 12

(Areas reserved to public sector initiative)

The Council of Ministers shall define the areas of economic activity reserved to the initiative of public sector for carrying out investments, with or without participation of the private sector, and, furthermore, define the percentage shareholding to private national and foreign investment.

CHAPTER II

Guarantees and Fiscal Incentives

Article 13

(Protection of property rights)

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1. The Government of Mozambique shall guarantee the security and legal protection of property on goods and rights, including industrial property rights, comprised in the approved investments carried out in accordance with this Law and its Regulations.
2. When deemed absolutely necessary for weighty reasons of national interest or public health and order, the nationalization or expropriation of goods and rights comprised in an approved and realised investment under this Law shall be entitled to just and equitable compensation.
3. In the event of any complaint submitted by an investor under the terms regulated by the Council of Ministers not being resolved within a period of ninety (90) days, and when such fact has led the investor to incur in financial losses on the invested capital, the said investor shall have the right to a just and equitable compensation for such losses incurred and which are of evident responsibility of Government institutions.
4. For the purpose of determining the value of compensation or remuneration to be paid under paragraphs 1 and 2 of this Article, the evaluation of goods and/or rights nationalised or expropriated, including financial losses suffered by an investor which are of evident responsibility of Government institutions, will be carried out within ninety (90) days by a team especially appointed or by an auditing company of recognised expertise and competence.
5. The payment of the compensation or remuneration referred to in the preceding paragraphs of this Article shall take place within ninety (90) days counted from



the date of acceptance by the competent Government authority. The time for assessment for decision making on the evaluation made and submitted to the competent Government authority shall not exceed forty-five (45) days counted from the date on which the evaluation dossier was submitted and received.

Article 14 **(Remittance of funds abroad)**

1. The Government of Mozambique, in accordance with the conditions set down in the authorisation or other relevant legal instruments to the investment, shall guarantee the remittance of funds abroad in connection with:
 - a) exportable profits resulting from investments eligible for export of profits under the provisions of the Regulations of this Law;
 - b) royalties or other payments for remuneration of indirect investments associated to the granting and transfer of technology;
 - c) amortization of loans and payment of interest on loans contracted in the international financial market and applied in investment projects in the country;
 - d) the proceeds of any compensation paid in conformity with the provisions of paragraph 2 of Article 13;
 - e) invested and re-exportable foreign capital, independently of eligibility (or not) of the investment project to export profits under the Regulations of this Law.
2. The remittances referred to in paragraph 1 above shall comply with the formalities set down in Article 15 below.

Article 15 **(Formalities for remittances abroad)**

1. In harmony with the definition in paragraph 1p) of Article 1, provided that the applicable tax obligations and the exchange formalities have been satisfied, foreign investors with approved investments carried out in accordance with this Law and its Regulations are entitled to transfer abroad up to the whole amount of the profits accrued to them in each financial year.
2. The document which confirms, for the purpose of remittance of profits abroad, the investment effectively made and the fulfilment of fiscal obligations, shall be issued by the Ministry of Planning and Finance within thirty (30) days counted from the date of submission of the relevant application.
3. Remittances of re-exportable capital or of the proceeds of compensation or remuneration provided for in Article 13 shall be carried out in instalments timed over a period not exceeding five years and in a such a way as to avoid disturbing the balance of payments.
4. Remittance of exportable profits and of invested re-exportable capital shall be



processed in foreign currency of the investor's choice in accordance with the provisions of this Law and its Regulations and the terms of the authorization granted for the project.

5. Upon compliance with the provisions of paragraphs 1 to 4 of this Article, the transfer of funds abroad under the present Law and its Regulations shall take place, provided that the following have been met:
 - a) the constitution or replenishment of legal reserve fund;
 - b) the payment of any outstanding taxes;
 - c) the provisions necessary to ensure the timely repayment of loan instalments and interest on loans contracted for the realization of the investment;
 - d) adequate provisions to guarantee the repayment of loan instalments and interest on loans to fall due before further funds sufficient to meet such responsibilities are generated.
6. The remittance of exportable profits in each financial year, shall be promptly processed as long as the positive balance of foreign exchange generated by the undertaking or combination of several undertakings carried out by the same investor or group of associated investors allows the necessary coverage.
7. In case of insufficient exchange funds to cover the remittance of profits abroad in any given financial year by a project that have not generated a net surplus of foreign currency, the remaining balance shall be carried forward for its remittance abroad to the following financial year or years.
8. The transfer abroad of exportable profits generated by foreign investment which demonstrated the effective substitution and/or reduction of imports or that proved it has effectively saved foreign exchange for the country, but that does not have foreign exchange fund to cover such transfer, shall be allowed and effected under the terms to be agreed with the relevant foreign investor.
9. The remittance abroad of re-exportable invested capital shall be processed with observance of the provisions of paragraphs 3 and 4 of this Article, proportionately to the participation of direct foreign investment in the share capital in the undertaking, based on the result value of the liquidation, sale or compensation, total or partial, of such undertaking or, furthermore, provided that the authorization period of the direct foreign investment has expired without renewal.

Article 16 **(Incentives)**

1. In addition to the guarantees of ownership and of remittance of funds abroad provided for in Articles 13 to 15 above, the Government of Mozambique shall also guarantee the concession of tax and customs incentives granted in the Code of Fiscal Benefits for investments made in Mozambique in accordance with this Law and its Regulations.
2. The right to enjoy the incentives provided for in paragraph 1 of this Article shall be irrevocable throughout the validity of the relevant period contemplated



for in the Code of Fiscal Benefits for investments made in Mozambique, given that the conditions upon which the concessions were granted remain unchanged.

3. The Council of Ministers shall approve, by Decree, the Code of Fiscal Benefits referred to in paragraphs 1 and 2 of this Article.

CHAPTER III

Financing and Exchange Operations

Article 17

(Financing of direct investment)

1. Direct investment in projects to be carried out in the country under this Law and its Regulations shall be financed by own equity capital made available by the respective investors.
2. Financing made available through shareholder's loans and/or additional supplies of capital made available by the investors' own resources, and for which remuneration shall not bear interest charges made on the undertaking in which they have been applied, shall also be considered as components of direct investment.

Article 18

(Access to domestic credit)

Companies formed and registered with the participation of direct foreign investment are entitled to access to domestic credit borrowing on the same terms and conditions applicable to Mozambican companies and in conformity with the relevant legislation in force in the country.

Article 19

(Allocation of foreign exchange)

1. For those undertakings whose activities generate foreign exchange, the Bank of Mozambique may, upon a submission by the respective companies of their yearly plan of foreign exchange requirements, authorize the retention, in foreign currency accounts, of a proportion of the foreign currency revenue generated by such undertakings.
2. For those cases not covered by the paragraph 1 of this Article, appropriate arrangements shall be adopted for each undertaking taking into account its economic interest and social importance.

Article 20

(Exchange Operations)

Exchange operations and the conversion of foreign currency into local currency and vice-versa shall be processed in accordance with the legislation and rules in force in the country regarding such matters.



CHAPTER IV

Approval and Registration

Article 21

(Decision making on investment projects)

1. The carrying out, in Mozambique, of investment projects eligible for the guarantees and incentives provided for in this Law shall require approval by the competent government authorities.
2. The Government will establish, in Regulations, the levels of competence for the taking of decisions by governmental authorities on investment projects.
3. The Council of Ministers shall regulate the time limits to be observed for the taking of decisions on investment proposals, and set down the procedures to be followed when a given proposal has not been decided upon by the competent authority within the stipulated time limit.
4. The Council of Ministers shall, furthermore, regulate on the situations in which the authorizations granted for carrying out investment projects may merit changes or cancellation.

Article 22

(Registration of direct foreign investment)

1. The foreign investor, within one hundred and twenty (120) days counted from the date of notification of the decision authorizing an investment project, shall register the undertaking involving direct foreign investment with the authority responsible for monitoring the inflow of capital, and register subsequently each actual capital import operation that takes place.
2. The failure to effect the registrations provided for in this Article may lead to the non-recognition of the right to export profits and remit the re-exportable invested capital abroad.
3. The registrations provided for in this Article shall be effected without prejudice to the verification and confirmation, in accordance with the provisions contained in the Regulations of this Law, of the direct foreign investment amounts declared for registration.

Article 23

(Transfer of investor's position or rights)

1. The investor may transfer, wholly or in part, the position or rights held in an investment or the equity participation held in it, upon an express and duly founded request made by the investor to the Minister of Planning and Finance submitted through the Investment Promotion Centre or its provincial delegate.



2. The applicant for such transfer shall indicate, in the request, the identity of the recipient and the terms agreed upon in connection with such transfer of investment rights or position.
3. Where the applicant for the transfer of the position held or part of share capital held is, in whole or in part, a foreign investor, s/he shall be entitled to request the remittance abroad of the proceeds from this divestiture, provided the fiscal obligations applicable to capital gains have been satisfied.
4. The beneficiary of such transfer may only enjoy the guarantees and incentives provided for in this Law if such operation has been approved, effected and registered in accordance with the provisions of Article 22, and during the period of validity of the authorization granted for the relevant undertaking.

Article 24

(Confirmation and registration of indirect investment)

1. The realisation of any indirect foreign investment contemplated in this Law and its Regulations shall require previous confirmation from the competent authority.
2. For the purpose of the paragraph 1 of this Article, the competent authority shall be:
 - a) the Bank of Mozambique, for those components of investments made under the form of loans associated with direct investments, irrespective of any involvement of direct foreign investment.
 - b) the authority responsible, in conformity with the law, for the registration of any other specific form of indirect foreign investment brought in from outside Mozambique or from any other comparable source.
3. The necessary condition for any form of foreign investment covered by Article 10 to be considered as indirect investment applied in a project in accordance with this Law and its Regulations, shall be that such investment is confirmed and registered with the competent Mozambican authority as provided for in paragraph 2 of this Article.



CHAPTER V

Other Provisions

Article 25 **(Resolution of disputes)**

1. Any disputes arising from the interpretation and application of this Law and its Regulations, which cannot be resolved on a friendly basis or by means of negotiation, may be submitted to the competent judicial authorities, in accordance with Mozambican legislation, for their resolution.
2. Disputes between the Government of Mozambique and foreign investors concerning authorised and realised investments in the country, which cannot be resolved on the basis provided for in paragraph 1 of this Article, shall, unless otherwise agreed, be entitled to submission for resolution through arbitration, with possible recourse, upon express agreement of both parties, to:
 - a) the rules of the International Convention for the Settlement of Investment Disputes between States and Nationals of other States (ICSID) adopted in Washington on 15th March 1965, or through the International Centre for the Settlement of Investment Disputes between States and Nationals of other States;
 - b) rules set out in the ICSID Additional Facility adopted on the 27th September 1978 by the Administrative Council of the International Centre for Settlement of Investment Disputes between States and Nationals of other States, whenever the foreign investor does not meet the requirements provided for in Article 25 of the ICSID Convention;
 - c) rules of arbitration of the International Chamber of Commerce based in Paris.

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Article 26 **(Protection of the Environment)**

1. Investors, and subsequently their companies, shall, in the process of elaboration, implementation and operation of their investment projects, carry out and submit the relevant studies and evaluations of the environmental impact and of any pollution and sanitation concerns that may result from their activities and the damages and/or wastes of their undertakings. Such studies and evaluations shall include any potential effects and/or implications on forest, geological and hydrological resources, whether within their area of concession or close to the peripheries of the areas in which the undertaking is being or is to be implemented and operated.



2. It shall also be the responsibility of said investors and companies to undertake appropriate measures for the prevention and minimisation of any negative environmental effects, particularly those identified in the environmental impact studies referred to in paragraph 1 of this Article, and subject to observance of the rules and guidelines issued by the competent authorities in this field, and in conformity with any legal provisions and any terms specified in the licence granted for the operation of the activity.
3. Those activities with levels of pollution and contamination likely to alter and negatively affect the environment or public health shall comply with restrictions established by law and/or issued by competent authorities, as well as to any rules or international agreements on such issues to which Mozambique has become a signatory.

Article 27

(Previous investment projects)

1. This Law and its Regulations shall not apply to investments made before it has entered into force, which shall continue to be governed by the provisions of the legislation and by the specific terms or contracts under which the authorisation for each particular investment project to be carried out, in Mozambique, was granted.
2. Investment proposals submitted for evaluation and approval before the entry into force of this Law shall be evaluated and decided upon, as appropriate, under the Law n° 4/84, of 18th August, or of the Law n° 5/87, of 19th January, unless the applicants opt for and expressly request that the present Law be applied.

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Article 28

(Regularisation of unregistered foreign investments)

1. Investors with projects involving direct foreign investment authorised under Law n° 4/84, of 18th August, and the Regulations on Direct Foreign Investment, which are currently under implementation, in the relevant authorization or their implementation to be commenced, but which have not yet been registered in accordance with the provisions of Article 22, shall provide for and effect such registration with the Ministry of Planning and Finance within a period of one hundred and eighty (180) days counted from the date on which the present Law has entered into force.
2. The non-observance of the provision stipulated in paragraph 1 of this Article may lead to the cancellation of the granted authorization and, consequently, to the cessation of the recognition and commitments that had been assumed by the Government of Mozambique in relation to such investments under Law n° 4/84, of 18th August, and its Regulation.



Article 29
(Regulations)

The Council of Ministers shall approve the Regulations relevant to the present Law.

Article 30
(Final Provision)

Those provisions of Law n°4/84, of 18th August, and of Law n° 5/87, of 19th January, to the extent that they are contradictory to the provisions of the present Law, are hereby revoked.

Approved by the Assembly of the Republic.

PRESIDENT OF THE ASSEMBLY

Marcelino dos Santos

Published on the 24th June, 1993.

PRESIDENT OF THE REPUBLIC

Joaquim Alberto Chissano

Regulation of the **INVESTMENT** Law



Approved by Decree n° 43/2009, of 21st August



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REPUBLIC OF MOÇAMBIQUE
COUNCIL OF MINISTERS

Decree n° 43/2009,
of 21 August

It being necessary to promote the continued improvement of the national investment climate in line with Mozambique's current socio-economic conditions, in particular with regard to the speedy execution of investment projects, the Council of Ministers, pursuant to the provisions of Article 204.1(f) and 204.2(d) of the Constitution of the Republic of Moçambique together with Article 29 of Law 3/93 of 24 June, decrees:

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Article 1

The Investment Law (Law 3/93 of 24 June) Regulations, incorporated as part of this Decree, are approved.

Article 2

The Ministers with responsibility for Planning and Development, Finance, Labour, Home Affairs and Environment have the authority to establish, in consultation with the Investment Council, the supplementary procedures for the operation of Special Economic Zones and Industrial Free Zones.

Article 3

The Minister with responsibility for Planning and Development has the authority to approve the application, licence and certificate forms as well as the procedural measures that are necessary for the implementation of this decree.



Article 4

Articles 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25 and 26 of the Investment Law Regulations approved by Decree 14/93, of 21 July**, Decree 36/95, of 8 August, Decree 62/99, of 21 September, Decree 35/2000, of 17 October and other legislation which is contradicted by the provisions of this decree.

Approved by the Council of Ministers.

Let it be published.

THE PRIME MINISTER

LUÍSA DIAS DIOGO

Footnote:

*** Article 4 of the Investment Law Regulations approved by Decree 14/93, which is the only provision not revoked by this Decree, established the Investment Promotion Centre (CPI). Article 4 reads as follows:*

- 1. The Investment Promotion Centre (CPI) is hereby created in order to assist the Minister of Planning and Finance and to ensure the implementation of the provisions of Law 3/93, of 24 June, and these Regulations, through the coordination, promotion, analysis, follow-up and verification of investments carried out under the aforesaid legislation.*
- 2. The Investment Promotion Centre is directly subordinated to the Minister of Planning and Finance and shall be governed by its own charter as approved by the Council of Ministers.*



REGULATION OF THE INVESTMENT LAW

CHAPTER I General Provisions

Article 1 (Definitions)

For purposes of these Regulations, the following terms have the indicated meaning:

- a) **Economic activity** - the production and sale of goods or the supply of services, regardless of the nature of the goods or services, carried out in any sector of the national economy;
- b) **ZEE or IFZ Developer Certificate** - the document issued by GAZEDA under the terms of these Regulations that lists the specific licences that have been authorised, entitling the titleholder to operate a ZEE or an IFZ and constituting sufficient title for the commencement of the respective activity;
- c) **ZEE or IFZ Company Certificate** - the document issued by GAZEDA under the terms of these Regulations that lists the licences that have been authorised, entitling the titleholder to undertake within a ZEE or an IFZ the activities for which it has been licensed and constituting sufficient title for the commencement of operations;
- d) **Investment Council** - the body within the Council of Ministers which is responsible for the submission of proposals for national investment policies;
- e) **Investment Promotion Centre**, referred to by the abbreviation **CPI** - a body of the Mozambican State Apparatus with responsibility for the promotion, reception, analysis, monitoring and verification of investments carried out in Mozambique with the exclusion of ZEEs and IFZs.
- f) **Undertaking** - an activity of an economic nature in which national and/ or foreign capital has been invested and for which the necessary authorisation for its realisation and operation has been issued;
- g) **Project Implementing Company** - an entity that carries out an economic activity in an organised and continuous fashion and that is responsible for the implementation of an investment project and for the subsequent operation of the respective economic activity;
- h) **ZEE or IFZ Company**, referred to by the abbreviation "**EZEE**" or "**EZFI**" - a legal entity duly registered in Moçambique to which an EZEE or EZFI Certificate has been issued in accordance with these Regulations;



- i) **Integrated Tourism Establishment Zone Company**, referred to by the abbreviation "**EZETI**" - a legal entity duly registered in Moçambique to which an EZETI Certificate has been issued in accordance with the respective applicable regime and these Regulations;
- j) **Export from a ZEE or IFZ** - export of goods or services from a ZEE or IFZ to outside of the respective customs territory
- k) **Export into a ZEE or IFZ** - export of goods or services into a ZEE or IFZ from the Mozambican national customs territory;
- l) **Local Supplier** - a company headquartered in the national customs territory that supplies goods or services to an OZEE or IFZ, or to an EZEE or EZFI;
- m) **Office for Accelerated Economic Development Zones** - referred to by the abbreviation "**GAZEDA**" - a State body that has been given the authority to coordinate all activities with regard to the establishment, development and management of Special Economic Zones and Industrial Free Zones;
- n) **Import from a ZEE or IFZ** - entry into the Mozambican national customs territory of industrial goods and services that come from a ZEE or IFZ;
- o) **Import into a ZEE or IFZ** - entry into a ZEE or IFZ of goods that come from outside of the respective customs territory;
- p) **Foreign direct investment** - any form of foreign sourced capital contribution that is quantifiable in monetary terms, is sourced from a foreign investor's own equity capital or other resources and/or from capital or resources that are for the account and risk of the foreign investor and is to be invested in an economic activity project through a company registered and operating in Moçambique;
- q) **ZEE or IFZ Developer**, referred to by the abbreviation "**OZEE**" or "**OZFI**" - a legal entity, duly registered in Moçambique, who, in accordance with the terms of these Regulations, has been granted an OZEE or OZFI Certificate;
- r) **Integrated Tourism Establishment Zone Developer**, referred to by the abbreviation "**OZETI**" - a legal entity that is duly registered in Moçambique and that has been granted an OZETI Certificate, in accordance with the terms of the applicable regime and these Regulations;
- s) **Project** - an economic activity undertaking in which national or foreign capital or a combination of national and foreign capital is to be or has been invested and that has been granted the necessary authorisation by the competent authority;
- t) **Special Economic Zone**, referred to by the abbreviation "**ZEE**" - as defined in Article 1(z) of Law 3/93 of 24 June.
- u) **Industrial Free Zone**, referred to by the abbreviation "**IFZ**" - as defined in Article 1(x) of Law 3/93 of 24 June.



- v) **Integrated Tourism Establishment Zone**, referred to by the abbreviation "ZETI" - a Special Economic Tourism Zone as defined in its respective legislation, in which the provision of tourism services is the principal economic activity.

Article 2 **(Scope of Application)**

1. The provisions of these Regulations apply to private national and foreign investment carried out by individuals or duly incorporated companies and other legal entities pursuant to Law 3/93 of 24 June (Investment Law) and other legislation.
2. The investments referred to in this Article, even if not eligible for the fiscal incentives defined in the respective legislation, may benefit from the guarantee of the right to export profits and re-export invested capital.

Article 3 **(Objective)**

The objectives of these Regulations are:

- a) To define the competencies, acts and time periods to be observed in the making of decisions regarding investment projects;
- b) To set the minimum value and forms of foreign direct investment in economic undertakings;
- c) To establish the submission and decision-making procedures for investment projects that are eligible for the guarantees and incentives provided for under the Investment Law;
- d) To establish the rules for the determination of the actual value of the realised investment;
- e) To define the rules for the amendment and revocation of investment authorisations that have been granted;
- f) To establish the legal framework and the mechanisms for the integration, coordination, planning, implementation and monitoring of the operations of the Special Economic Zones and the Industrial Free Zones;
- g) To define the rules for notification and correspondence as well as for the resolution of complaints regarding investment projects.



CHAPTER II

Coordination of investment procedures

Article 4

(Competency for the coordination of investments)

1. The Minister who has oversight of Planning and Development affairs has the competency to coordinate the investment process in accordance with the terms of Law 3/93, of 24 June.
2. CPI and GAZEDA shall each have the competency, within their respective areas of operation and in accordance with Government policies and strategies, to promote the economic opportunities that exist in Moçambique and to ensure that there are appropriate procedures to receive, assist and implement projects in accordance with the terms of the Investment Law and other applicable legislation.
3. When requested by CPI or GAZEDA, the Ministers, Provincial Governors and other heads of State institutions as well as the Presidents of Municipal Councils shall appoint representatives to ensure the necessary inter-institutional coordination.
4. The representatives appointed under the terms of this Article are responsible for the issuance of the advisory opinions and authorisations that are necessary for the approval, implementation and realisation of investment projects.

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Article 5

(Assistance and monitoring)

1. CPI and GAZEDA are responsible for the provision of institutional assistance to investors during the implementation and actual execution phase of projects that have been authorised, as well as for the monitoring and verification of compliance with the project Terms of Authorisation, the provisions of the Investment Law and other applicable legislation.
2. The assistance and monitoring provided by CPI and GAZEDA are without prejudice to the specific competencies of the respective sectors of activity and other entities that supervise the area of activity of the particular project.
3. The investors and their representatives shall cooperate with the officials designated by the entities responsible for the monitoring of projects and shall provide such information and documentation as requested for this purpose.



CHAPTER III

Foreign direct investment & forms of investment

Article 6

(Minimum value of foreign direct investment)

1. For the specific purposes of eligibility for external remittance of profits and re-export of invested capital, the minimum value of foreign direct investment using the equity capital of a foreign investor is set at two million five hundred thousand Meticals (2,500,000.00Mts).
2. The foreign investor whose investment project satisfies one of the following requirements is also eligible for the external remittance of profits and the re-export of invested capital:
 - a) Generates an annual sales volume that is not less than three times the amount fixed in the preceding clause 6.1 as from the third year of operations;
 - b) Registers annual exports of goods or services with a value equivalent to one million five hundred thousand Meticals (1,500,000.00Mts);
 - c) Creates and maintains from the second year of operations at least twenty five direct employment positions for Mozambican nationals who are registered with the social security system.
3. The Minister who has responsibility for Planning and Development affairs shall, by ministerial order (Despacho) and after consultation with the Minister of Finances and the Governor of the Bank of Moçambique, adjust the minimum value of foreign direct investment, taking into consideration the average rate of inflation for the respective period in review.

Article 7

(Determination of the value of foreign direct investment)

1. For the purpose of registration and eligibility for the investment guarantees and incentives established for this purpose, the actual value of the realised foreign direct investment shall be equal to the sum of the amounts of equity capital including shareholder loans without interest and the additional capital contributions by the investors themselves as well as re-exportable profits that are reinvested in Moçambique.
2. The realization of foreign direct investment using re-exportable profits is subject to the prior confirmation by the Bank of Moçambique of the amount of funds actually invested including confirmation that the minimum amount referred to in Article 6.1 of these Regulations has been invested.
3. For the purposes of the provisions of this Article, if the foreign direct investment



results from the import of equipment, machinery and other materials, the CIF value of the imports shall be considered to be the respective amount of investment.

CHAPTER IV

Processing of investment proposals

SECTION I

Submission of proposals

Article 8

(Apresentação da proposta de projecto de investimento)

1. An investment project proposal shall include the duly filled in form accompanied by the documents necessary for the review of the proposal and shall be submitted in quadruplicate to CPI or GAZEDA, as the case may be, which shall register the proposal after confirming compliance with requirements for proposals.
2. An investment project proposal may be submitted in either the English or Portuguese language.
- 28 3. A project proposal that is submitted electronically or by mail shall be registered and processed provided that the proposal contains the information and elements that are necessary for its analysis and decision.
4. The project shall be registered in the name of the implementing company or the corporate name reserved for this purpose. The registration shall include the name of the proponent investors' legal representative or mandatary who shall guarantee the liaison with CPI or GAZEDA.

Article 9

(Project proposal supporting documentation)

1. Investment project proposals that are submitted for analysis and approval shall be accompanied by the following documents:
 - a) Copy of the identification document of each proponent investor;
 - b) Certificate of company registration or company name reservation certificate for the Project Implementing Company;
 - c) Topographic plan or drawing of the proposed location for implementation of the project.
2. In the case of projects to be executed by a local business representation (branch) of a foreign entity, a copy of the Commercial Representation Licence issued



by the competent Mozambican authority shall also be submitted in addition to the documents listed in clause 1 of this Article 9.

3. During the analysis of the project proposal and consistent with the characteristics and size of the undertaking, additional or supplementary information may be requested as may be relevant for the review of the project.

SECTION II

Analysis of the proposal

Article 10 **(Inter-institutional coordination)**

1. CPI and GAZEDA have seven (07) business days, counting from the date of the reception of the project proposal, to undertake the necessary inter-institutional consultation with the Ministries that have regulatory oversight of the sector that applies to the project as well as with other State institutions for the purpose of securing the opinions and approval regarding the project proposal.
2. Where there is no response within five (5) business days counting from the date of submission of the project by the entity having regulatory oversight of the sector, a favourable opinion and tacit approval of the project implementation shall be deemed to have been given for all purposes.

Article 11 **(Proposta de autorização do projecto)**

1. The authorisation proposal shall include the draft ministerial order (Despacho) or Council of Ministers Internal Resolution containing the specific terms of the authorisation relating to the respective project.
2. The project terms of authorisation shall include, inter alia, the following information:
 - a) identification of the proponent investors;
 - b) the project designation and objectives;
 - c) the name of the implementing company;
 - d) the location and scope of operations;
 - e) the value and structuring of the investment;
 - f) the investment incentives and guarantees;
 - g) the number of national and foreign persons to be employed;
 - h) the time limit and terms for the start of the implementation of the project;
 - i) other specific terms to be included in the authorisation that are relevant given the characteristics of the project.



CHAPTER V

Project authorisation competencies and time periods

Article 12

(Competency for investment project decisions)

1. The decision regarding the approval of an investment project received by CPI shall be made by:
 - a) the Governor of the Province, within a maximum period of three (3) business days after the receipt of each proposal, in respect of national investment projects with an investment value not greater than the equivalent of one billion five hundred million Meticals (1,500,000,000.00Mts);
 - b) the General Director of CPI, within a maximum period of three (3) business days after the receipt of each proposal, in respect of foreign and/or national investment projects with an investment value not greater than the equivalent of two billion five hundred million Meticals (2,500,000,000.00Mts);
 - c) the Minister with oversight of Planning and Development matters, within a maximum period of three (3) business days after the receipt of each proposal, in respect of foreign and/or national investment projects with an investment value not greater than the equivalent of thirteen billion five hundred million Meticals (13,500,000,000.00Mts);
 - d) the Council of Ministers, within a maximum period of thirty (30) business days after the receipt of each proposal, for:
 - i) investment projects with an investment value greater than the equivalent of thirteen billion five hundred million Meticals (13,500,000,000.00Mts);
 - ii) investment projects that require a land area greater than ten thousand hectares, to be used for any purpose except for the purpose specified in the following clause 1(d)(iii);
 - iii) investment projects that require a forestry concession area greater than one hundred thousand hectares;
 - iv) any other projects that have foreseeable political, social, economic, financial or environmental impacts that by their nature should be reviewed and decided by the Council of Ministers, on the proposal of the Minister who has oversight of Planning and Development matters.
2. The General Director of GAZEDA has the competency to approve ZEE and IFZ regime investment projects within a maximum period of three (3) business days after the receipt of each proposal.
3. Taking into account the complexity or political, social or economic implications, the General Directors of CPI and GAZEDA may submit investment project proposals within their respective limits of authority for consideration by the Minister who has oversight of Planning and Development matters.



Article 13 **(Notification of the decision)**

1. CPI or GAZEDA, as the case may be, shall have the duty to notify the proponents of investment projects of the decision taken in respect of the proposal within a maximum period of forty-eight hours of the date of the decision.
2. A proponent whose investment proposal has been rejected, may, if it wishes, reformulate and resubmit the proposal for reconsideration of the decision taken.

Article 14 **(Project implementation commencement)**

1. The implementation of a project that has been authorised shall be commenced within a maximum period of one hundred and twenty (120) days counting from the date of notification of the authorisation to the project proponents, unless a different time period is fixed in the authorisation.
2. For the purposes of these Regulations, the commencement of the implementation of a project is defined as the taking of actions that unequivocally tend to the effective realisation of the undertaking that is the subject of the authorisation.

Article 15 **(Registration of the foreign direct investment)**

1. The foreign investor shall register the foreign direct investment with the Bank of Moçambique, within a period of ninety days after the authorisation of the project and shall, for this purpose, submit the deposit receipts (*bordereaux*) issued by the respective national banking institutions or the documents confirmed by the customs authorities according to the nature or form of the respective investment.
2. The transfers of funds by means other than the national banking system shall not qualify as authorised foreign direct investment that is part of the investment project.
3. Any payments made abroad shall not qualify as foreign direct investment unless documentary proof of the entry into Mozambique of goods that have a corresponding value is submitted.

Article 16 **(Foreign investor status)**

For the purpose of the export of profits and the re-export of invested capital, the status of a foreign investor shall be valid so long as the underlying terms and conditions that qualified the investor for the acquisition of this status remain unaltered.



CHAPTER VI

Project authorisation amendment & revocation

Article 17

(Amendment of the terms of authorisation)

1. When material circumstances so require and based on the duly documented express application of the respective investors or their representatives, the terms and conditions of the project may be amended by the competent authority.
2. Requests for amendment regarding the increase of the amount of investment and transfer of the position or right of the investor in projects authorized by the Council of Ministers shall be submitted to the Minister with oversight of Planning and Development matters.

Article 18

(Transfer of the position of the investor)

1. The transfer or assignment of shareholdings held by investors in investment projects is unrestricted provided that the transfer takes place within Mozambique and is communicated to the entity that authorised the project and documentary proof of compliance with tax obligations is submitted.

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2. The registration of a transferee as a project investor shall be formalised on submission of the respective request together with documentary proof of payment of any tax due issued by the competent authority and evidence that the transaction was carried out in accordance with the terms of the Law.
3. Any transaction executed abroad or the payment in respect of which has not been made through the national banking system shall be without effect within the national territory.

Article 19

(Revocation of the investment authorisation)

The entity that granted the original investment authorisation has the competency to revoke the respective investment authorisation on the occurrence of any of the following:

- a) the justified request of the investors;
- b) the expiry of the time period established for the start of the implementation of the project, without the project implementation having been commenced;
- c) the paralisation of the undertaking's implementation or operation for a continuous period greater than three (3) months without prior communication to the competent authority that had authorised the project;



d) the verification of events of default under the provisions of Law 3/93, of 24 June, and these Regulations, or the terms provided in the respective authorisation or in other applicable legal instruments.

CHAPTER VII

Special Economic Zones

SECTION I

Creation of ZEE

Article 20

(Competencies)

1. All types of economic activities are eligible for the respective ZEE benefits except those that by their nature are not permitted by law.
2. The construction and development of basic infrastructure for the implantation of a ZEE is also eligible for the ZEE benefits that apply to the activities to be carried out in the ZEE.

Article 21

(Authorised activities)

1. All types of economic activities are eligible for the respective ZEE benefits except those that by their nature are not permitted by law.
2. The construction and development of basic infrastructure for the implantation of a ZEE is also eligible for the ZEE benefits that apply to the activities to be carried out in the ZEE.

Article 22

(Concession of land)

1. The concession of the right of land use and benefit to an OZEE and to ZEE companies is subject to the terms of the Land Law and respective regulations. GAZEDA shall ensure the institutional coordination for the issuance of the authorisations, as well as the renewals and transfers of the land use and benefit right or any Special Licences.
2. Without prejudice to the provisions of the specialised legislation, the renewal of the land use and benefit right as well as the issuance of a new land use and benefit title for the same area to the same investor at the end of the period of renewal only requires the proof of fulfilment of the approved project.



3. Without prejudice to the provisions of specialised legislation, the application for the grant and renewal of land use and benefit rights shall, once the applicable legal requirements are completed, be decided within the maximum period of thirty (30) days.

Article 23

(Environmental impact assessment)

1. Once the creation of a ZEE is authorised, the entity that has oversight of environmental matters shall, in collaboration with GAZEDA, undertake the environmental assessment of the ZEE area and the activities that may be carried out in the ZEE area as part of the respective projects or proposals as well as the basic environmental measures to be observed.
2. The assessment referred to in the preceding clause 23.1 shall also indicate which activities are exempt from environmental impact assessment.
3. The activities not included in the list referred to in the preceding clause 23.2 may be exempted from the conduct of an environmental impact study provided that the conduct of the activities does not violate the maximum effluent emission limits set in specific legislation or other restrictions that are from time to time applicable to the activity in question.
4. GAZEDA, in coordination with the Ministry with oversight of environmental matters, shall adopt a set of measures and procedures that enable the swift issuance of environmental licences for projects to be implanted in ZEEs.
5. The issuance of an environmental licence for any project that is susceptible of provoking significant environmental damage in a ZEE, or in any other areas subject to these Regulations, is a prerequisite to the issuance of any other licences.



SECTION II

Special regimes

Subsection I

Fiscal and customs regimes

Article 24

(Fiscal and Customs Regime)

1. The developers and companies that carry out activities under the ZEE regime are subject to tax in accordance with the applicable law.
2. The entry into a ZEE of merchandise of any nature, quantity, provenance or origin is permitted provided that its import is not prohibited by law.
3. The fiscal and customs benefits that are applicable to the merchandise referred to in the preceding clause 24.2 are set out in respective legislation.

Article 25

(Sales into the local market)

1. An EZEE is authorised to sell its products into the local domestic market, subject to payment of the tax on the value of the imported goods, including customs duties, VAT (Valued Added Tax) and excise tax (Special Consumption Tax), applicable under the legislation then in force.
2. For those cases in which certain goods and products benefit from the exemption or lower rates of customs duties under the terms of bilateral or regional agreements that are lower than the rates referred to in clause 1 of this Article, these rates shall be taken into consideration in respect of sales of similar ZEE produced goods into the internal domestic market.
3. The rules regarding the origin of goods shall not be applied to the application of the preceding clause 25.2.
4. ZEE companies, which import consumer goods and merchandise, may sell these products into the local domestic market subject to the payment of all applicable fiscal imposts. The provisions of the preceding clauses 25.2 and 25.3 shall not apply to the sales of these products.
5. The provisions of this Article do not apply to the imports and sales, including the respective added value, destined for or coming from the economic activities carried out in a ZETI.



Article 26 **(ZEE imports and exports)**

1. The import of raw materials, merchandise and equipment into a ZEE shall be brought into Moçambique through the customs posts at the ports, airports or terrestrial frontiers, and thence directly under the customs transit regime to the ZEE where the goods may be inspected.
2. Provided that the import of such goods is not prohibited by law, merchandise of any nature, quantity, provenance or origin may be imported into a ZEE.
3. To carry out the imports as provided in the preceding clauses 26.1 and 26.2, the importer, namely the EZEE and the OZEE, shall submit the following documents:
 - a) Single Customs Form (*Document Único / DU*);
 - b) Commercial invoices and the respective detailed list of merchandise;
 - c) Bill of loading (*Conhecimento de Embarque*), Notice of arrival (*Aviso de Chegada*), Airway Bill (*Carta de Porte Aéreo*), Merchandise Circulation Permit (*Guia de Circulação de Merchandises - Memorando*), according to whether maritime, rail, air or road transport is used.
4. The provisions of the preceding clause 26.3 shall not prevent import interdictions or restrictions based on either questions of morality, public order and security or treaties or resolutions of international organisation ratified by the Republic of Moçambique.

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Article 27 **(Local suppliers)**

The sale of goods and services into a ZEE by local domestic suppliers is considered to be an export.

Subsection II **Employment regime**

Article 28 **(Employment regime)**

1. All of the legal instruments that govern dependent work shall apply to ZEEs and EZEEs, except for any exceptions set out in this decree and other specific legislation.
2. The contracting of foreign employees for the conduct of activities in a ZEE is permitted.



Article 29

(Information regarding foreign employees)

1. The OZEE and the EZEE shall notify the competent authorities through GAZEDA of the contracting of foreign employees.
2. Foreign employees with the professional qualifications and specialisations that Mozambique requires may be hired provided that there are no, or insufficient numbers of, Mozambican nationals with the required qualifications.
3. Failure to comply with the provisions of the preceding clause 29.2 shall result in the commencement of a proceeding to determine compliance conducted by the competent authorities in coordination with GAZEDA, and which could result in the application of sanctions provided for by law.

Article 30

(Start of work by foreign employees)

1. Foreign employees may begin working prior to the issuance of the competent authorisation, provided that the authorisation is applied for within the time period indicated in the following clause 30.2
2. Recourse to the measure provided for in the preceding clause 30.1 requires the employer to give notice channelled through GAZEDA to the competent labour administration authority of the contracting of the foreign employee within a maximum period of fifteen (15) days counting from the date of the commencement of work by the foreign employee.

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Article 31

(Foreign employee registration procedures)

1. The OZEE and the EZEE, which have contracted foreign employees, shall, within the time limit defined in the preceding Article 30, request, through GAZEDA, that the entity with oversight of labour matters registers these employees.
2. The request referred to in the preceding clause 31.1 shall only contain the following items (cumulatively):
 - a) Name, address and activity of the employer;
 - b) Name, age, passport number and nationality of the foreign employee;
 - c) Tasks to be executed and duration of the contract;;
 - d) Certificates of educational and technical-professional qualifications or information regarding the employee's professional experience issued by the last employer, and annexed to the employee's "*curriculum vitae*";



- e) Declaration of compliance with the provisions of Article 29;
- f) Tax Authority issued certificate of tax compliance;
- g) National Institute of Social Security certificate of compliance; and,
- h) Four copies of the employment contract executed by the parties.

Subsection III Immigration

Article 32 (Immigration regime)

1. Authorised investors and their representatives as well as individual owners of EZETIs in the case of residential tourism projects, together with their spouses and minor children, shall be granted the right of permanent residence provided that compliance with the requirements is duly documented by GAZEDA.
2. Foreign employees contracted to provide services in a ZEE shall be granted temporary residence.
3. A foreign national who holds title to an individual EZETI shall be granted an annual multiple entry tourism visa.
4. Foreign professional consultants such as architects, lawyers, economists shall generate annual gross receipts of not less than one million Meticals from their services in order to be granted the right of permanent residence.
5. Specialists contracted to carry out certain activities within a ZEE shall be granted a short-term temporary residence authorisation.

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Subsection IV Foreign Exchange regime

Article 33 (Foreign Exchange regime)

1. The application of a special foreign exchange regime to the entities covered by these Regulations derives from the authority given to the Council of Ministers under the general terms of the foreign exchange legislation.
2. The OZEE and the EZEE are permitted to open, maintain and transact accounts in foreign exchange inside and outside of Moçambique. The opening of external accounts shall be with corresponding banks of national banks.



3. The maintenance and operation of external accounts is subject to the prior authorisation of the Bank of Moçambique.
4. The import of capital funds or other type of financial contribution for the constitution or increase of the share capital of an OZEE or an EZEE shall be registered by means of the submission of the documentary proof to the Bank of Moçambique, which will issue the documentary certificates of registration.
5. Within a ZEE the permitted foreign exchange regime shall be unrestricted and be considered as "*off-shore*" operations.

Article 34

(External transfers of funds)

1. The external remittance of profits and dividends is permitted, subject to the prior authorisation of the Bank of Moçambique and provided that the investments have been previously registered with the Central Bank and all taxes due have been paid.
2. The repatriation of capital is permitted provided that the provisions of specialised legislation are observed.

Article 35

(Financing)

The companies covered by the ZEE regime may obtain external finance without the need for any prior authorisation by the Bank of Moçambique or any other entity, provided only that a copy of the finance document shall be provided to the Central Bank for the purposes of registration.

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SECTION III

Licensing procedures

Subsection I

OZEE licensing

Article 36

(OZEE licensing proposal)

1. After the approval of the ZEE project by the Council of Ministers, GAZEDA has the competency to licence an OZEE, through the issuance of the ZEE Developer Certificate.



2. The project proposals referred to in the preceding clause 36.1 shall contain the following information, as may be applicable:
 - a) The denomination and domicile or registered address of the applicant;
 - b) Authenticated copy of the registration certificate of the applicant;
 - c) A topographic plan of the proposed location of the ZEE;
 - d) The schedule of investment and sources of finance.
3. The Certificate referred to in this Article shall constitute the sole instrument required for the licensing of the OZEE and for the commencement of its activity.

Article 37

(Nature of the licences)

1. The authorisations and licences for the installation, operation and exercise of activities in a ZEE, are an administrative authorisation and cannot be the subject of private legal transactions except when authorised by the competent issuing authority.
2. GAZEDA shall have the authority to carry out all of the necessary procedures for acquiring all authorisations that are considered necessary and to issue the ZEE Developer Certificate or the ZEE Company Certificate, as the case may be.
3. The inter vivos transfer of establishments that operate under the ZEE regime is subject to the prior authorisation of GAZEDA and the recording and registration of the transfer in the certificate.
4. GAZEDA shall authorise the transfer subject only to the demonstration of sufficient financial resources or sources for the continuity of the same activity.
5. The execution of legal arrangements in violation of the provisions of clauses 37.3 and 37.4 shall result in the revocation of the certificate and the investment authorisation granted for this purpose.

Article 38

(ZEE Management)

A ZEE is managed by an OZEE who is authorised for this purpose in accordance with the provisions of these Regulations. A ZEE is subject to the control and monitoring by GAZEDA as a customs territory subject to its own respective regime.



Subsection II EZEE approval and licensing

Article 39 (Approval de EZEE)

1. GAZEDA has the competency to approve and to licence EZEEs.
2. For the purposes of the preceding clause 39.1, GAZEDA shall constitute a one-stop licensing centre, with officials from the various sectors with the necessary decision-making authority in respect of the various required licensing procedures.
3. GAZEDA shall provide the relevant authorities with information regarding the number and type of licences issued to companies for the purpose of recording in their respective databases.

Article 40 (Application for EZEE licensing & certification)

1. An application for issuance of an EZEE Certificate shall be submitted to GAZEDA through the submission of the following documents:
 - a) Application form for EZEE certification;
 - b) Promissory lease or purchase contract for premises, or for access to an area reserved for an EZEE;
 - c) Documentary proof of the registration of the Project Implementing Company in Moçambique.
2. GAZEDA may, according to the characteristics of the project to be implemented, request additional information considered relevant for the taking of the decision on the project.

Article 41 (EZEE certification competency and timing)

1. The certification of an EZEE shall be carried out by GAZEDA in its capacity as a Single Licensing Authority through the issuance of the relevant ZEE Company Certificate within the maximum period of ten (10) business days counting from the date of reception of the application, provided that all of the requirements which are needed for its approval have been fulfilled and have been confirmed and communicated by GAZEDA to the proponent.
2. The EZEE licensing includes the terms and conditions as determined by the competent authorities.



3. The EZEE Certificate is the sole document that is required for the commencement of activity and shall be valid for a renewable maximum period of ten years.

SECTION IV

Integrated Tourism Establishment Zones

Subsection I

Creation

Article 42

(Creation of ZETIs)

1. Large scale Integrated Tourism Establishment Zones are created pursuant to specialised legislation and are considered ZEEs for the purposes of these Regulations.
2. Provincial Governments, the Municipality of Maputo and other interested parties may, in accordance with the procedures to be defined by GAZEDA, submit proposals for the creation of ZETIs to the Ministry of Tourism which in turn will submit the proposal to the Council of Ministers, subject to the prior affirmative review by the Investment Council.
3. The proposals referred to in the preceding clause 42.2 shall, inter alia, contain the following information in addition to that provided for by special legislation:
 - a) the denomination and domicile or registered address of the applicant;
 - b) notarially authenticated copy of the registration certificate of the applicant;
 - c) a topographical plan of the proposed ZETI location;
 - d) the investment schedule and financing sources.

Article 43

(Nature of the licences)

1. The authorisations and licences for the installation, operation and conduct of activities in a ZETI, except in the case of a Residential Tourism project, are an administrative authorisation and cannot be the subject of private legal transactions.
2. GAZEDA shall, with the support of the Ministry of Tourism, have the authority to carry out all of the necessary procedures for acquiring all authorisations that are considered necessary and to issue the ZETI Developer Certificate or the ZETI Company Certificate, as the case may be.



3. The inter vivos transfer of a portion or a unit of an Integrated Tourism Establishment is subject to the prior authorisation of GAZEDA based on the affirmative opinion of the Ministry of Tourism and the recording and registration of the transfer in the certificate.
4. GAZEDA shall authorise the transfer subject only to the provisions of the respective land use and benefit plan.
5. The execution of legal arrangements in violation of the preceding clauses of this Article shall result in the revocation of the certificate and all other legal consequences.

Article 44

(Regime applicable to ZETIs)

The regime applicable to ZETIs is the provided for ZEEs subject to the particularities of the ZETIs and any specific rules for these Zones.

Subsection II ZETI developers

Article 45

(OZETI Certification)

1. GAZEDA has the competency to issue the ZETI Developer Certificate to the Principal Proponent within the maximum period of fifteen (15) days.
2. The Certificate referred to in the preceding clause 45.1 is the sole instrument required for the licensing of the ZETI Developer and for the commencement of activity.

Article 46

(Regime applicable to OZETIs)

The regime applicable to OZETIs is that provided for in these regulations regarding OZEEs without prejudice to the specific particularities of OZETIs and the specific terms applicable to these developers.

Subsection III ZETI companies

Article 47

(Legal nature of EZETIs)

1. EZETIs shall take the form of a commercial company, except in the case of



- time-shares and residential tourism whose titleholders shall be considered with the necessary adaptations as individual EZETIs.
2. The process for the approval and licensing of EZETIs is coordinated by GAZEDA.
 3. The application for issuance of an EZETI Certificate, which shall include the following documents, shall be submitted to GAZEDA:
 - a) application form for certification of the EZEE;
 - b) urbanisation plan;
 - c) contract with the OZETI;
 - d) the schedule of investment and sources of finance;
 - e) document proving the registration of the Project Implementing Company in Mozambique.
 4. In accordance with the nature of the project to be implemented, GAZEDA may solicit additional information provided that this information is material to the taking of the decision and cannot be obtained after the commencement of the applicant's activities.

Article 48 **(EZETI Certification)**

1. The certification of an EZETI shall be done by GAZEDA through the issuance of the competent ZETI Company Certificate within a maximum time period of ten (10) business days, counting from the date of the reception of the application, provided that all of the requirements necessary for its approval have been fulfilled and GAZEDA has confirmed and informed the proponent regarding same.
2. The EZETI licence includes the terms fixed by the competent authority.
3. The EZETI Certificate is the only document that is required for the commencement of the implementation and conduct of the activity and shall have a renewable maximum ten (10) year term.
4. The time period for the commencement of activity by the companies wishing to operate in the ZETI shall be fixed in the respective Certificate.
5. In the event of the total and definitive interruption of the exercise of activity by the company before the end of the term of the respective certificate or any of the renewal terms, and provided that the undertaking has not been transferred in accordance with the terms of these Regulations, GAZEDA shall determine what to do with the undertaking, taking into account the national interests.



Article 49
(Regime applicable to EZETIs)

Without prejudice to the provisions of the preceding subsection, the regime applicable to EZETIs is that which is provided for in these Regulations for EZEEs without prejudice to the specific particularities and the specific rules provided for these companies.

SECTION V
Inspections

Article 50
(Periodic inspections)

1. The inspection of an OZEE or an EZEE is subject to the prior authorisation by GAZEDA.
2. The institution that wishes to carry out the inspection shall request the authorisation from GAZEDA, at least thirty calendar days beforehand and shall specify the reason for the inspection.
3. GAZEDA shall give the OZEE or the EZEE at least ten (10) business days prior notice regarding the nature of the inspection and the respective date.
4. In the event that the company is not prepared to receive the inspection team on the indicated date, the company shall indicate a new date that shall not be later than ten (10) business days after the date initially proposed.
5. The provisions of clause 50.2 of this Article do not apply to inspections by the Tax Authority in the case of customs fraud or tax evasion.
6. The inspections referred to in this Article shall include a representative of GAZEDA and of the OZEE and shall be conducted in such a way so as not to disturb or interrupt the normal activity of the company.
7. The rules established in this Article apply to OZEEs and EZEEs, except if a different procedure is established in a superior legal instrument.



SECÇÃO VI **Sales**

Article 51

(Sales and transfers of merchandise and goods)

Merchandise and other goods may be freely sold or otherwise transferred between one company to another within a ZEE in accordance with the terms of the law.

Article 52

(Sales of goods, improvements and provision of services)

A ZEE developer, who carries out civil construction works or improvements within a ZEE, may freely sell or lease the works and/or improvements provided that the works and/or improvements are for the purpose of activities that are permitted under the ZEE regime.

CHAPTER VIII **Industrial Free Zones**

SECTION I **Creation of an IFZ**

Article 53

(Competencies)

1. The Council of Ministers has the authority to create an IFZ based on the proposal by the Investment Council.
2. Privately initiated proposals for the creation of an IFZ shall be submitted to GAZEDA and shall contain, inter alia, the following information:
 - a) The denomination and domicile or registered address of the applicant;
 - b) A topographic plan of the proposed location of the IFZ;
 - c) A description of the systems for the monitoring and security of the goods to be brought into the IFZ;
 - d) The investment value and schedule and the sources of finance as well as the proof of financial capacity to carry out the project through the submission of legal documentation for this purpose;
 - e) Authenticated copy of the document evidencing the company registration of the applicant;



- f) Documentary proof demonstrating the capacity to administer and manage undertakings of a similar nature.

Article 54 **(Processing of the application)**

1. GAZEDA is responsible for the analysis of the proposals and the drafting of the opinion to be submitted by the Investment Council to the Council of Ministers for the purpose of deciding on the creation of the IFZ.
2. The opinion referred to in the preceding clause 54.1 shall be prepared after consulting with the Mozambican Tax Authority and with the Municipal authorities and/or Provincial Government of the location where the IFZ is to be installed.

Article 55 **(OZFI Certificate)**

1. GAZEDA has the competency to issue the OZFI Certificate after the approval of the project by the Council of Ministers, and on certification by the Tax Authority that the security systems have been installed.
2. The Certificate referred to in the preceding clause 55.1 constitutes the only instrument required for the OZFI's licensing and start of activity.

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Article 56 **(EZFI licence application)**

The applications for EZFI licensing, which shall include the following documents, shall be submitted to GAZEDA:

- a) duly filled in EZFI licence application.
- b) promissory contract for the lease and/or purchase or for access to the area reserved for EZFIs executed between the applicant company and the OZFI or between the applicant company and the EZFI owner of the industrial buildings;
- c) submission of the documentary proof of registration of the Project Implementing Company in Mozambique.

Article 57 **(Competency for licensing)**

1. GAZEDA has the competency for the licensing of IFZ companies based on the issuance the competent EZFI Certificate provided that all of the applicable legal requirements have been satisfied.



2. The licensing provided for under this Article does not exempt the EZFI from the following mandatory registrations and notifications:
 - a) registration at the relevant tax office for purposes of acquiring a tax identification number (NUIT);
 - b) registration with the National Institute of Social Security (INSS);
 - c) notification to the competent authorities for the conduct of the relevant inspection after conclusion of the construction works and the installation of the equipment.

Article 58 **(Inspections)**

1. The inspection of the sanitary, hygiene and security conditions by the competent authorities shall be carried out within the maximum period of five (5) business days from the date of notification by the proponents of the conclusion of the works and the installation of the equipment.
2. In the event that the inspection referred to in the preceding clause 58.1 finds irregularities that do not put the public health or the safety of the workers or the environment at risk, the EZFI shall, within a maximum time period of forty-five (45) business days, remove the irregularity. At the end of this time period, the competent authorities may, at their own initiative, carry out another inspection.
3. The failure to carry out the inspection within the time period referred to in the preceding clause 58.2 by the competent authorities constitutes the tacit approval of the companies operating conditions.

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SECTION II

Article 59 **(Authorised activities)**

1. All activities of an industrial nature shall be authorised in an IFZ provided that seventy per cent (70%) of annual production volume are for export.
2. The construction and development of basic infrastructure for the implantation of an IFZ are also eligible for the same benefits granted to activities carried out in IFZs.
3. Exploration for and extraction of natural resources are excluded from the IFZ regime.
4. The manufacture, assembly or any form of processing of arms, munitions,



pyrotechnics and explosive is prohibited in IFZs.

Article 60 **(Periodic inspections)**

The rules regarding periodic inspections that are applicable to ZEEs shall also apply to OZFI and EZFI.

Article 61 **(Companies located outside of an IFZ)**

1. A company which wishes to set up outside of an IFZ and to have the benefits of the IFZ regime must apply to GAZEDA for the respective authorisation. The application must comply with the requirements set out in the IFZ Customs Regime Regulations and satisfy one of the following criteria:
 - a) Initial investment equal to or greater than twenty five million Meticals (25,000,000.00Mts) to be realised within the first two years of activity;
 - b) Current or planned installed power capacity equal to or greater than 500 KVA;
2. Imports for the project shall be carried out in accordance with the provisions in these Regulations applicable to ZEEs once the installation of the project is concluded and after the issuance of the Certificate of Security Systems in accordance with the IFZ Customs Regime.

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Article 62 **(Time period for installation)**

The period of time for the installation of project undertakings subject to the IFZ regime is six months counting from the date of the project authorisation provided that this time period may be extended by GAZEDA based on a duly justified request submitted by the interested parties.

SECTION III **(Special regimes)**

Article 63

The ZEE special regimes set out in these Regulations are, with any necessary adaptation, applicable to OZFIs and EZFIs, subject to the provisions in the following Articles.



Article 64

(Contracting of foreign employees)

The IFZ regime for the contracting of foreign employees and the terms of employment applicable to developers and companies shall comply with the provisions of specific legislation.

SECTION IV

(Customs and fiscal regime)

Article 65

(Sales into the local market)

1. An EZFI is authorized to sell into the local domestic market up to thirty per cent (30%) of its production volume, in conformity with its annual production plan. All applicable fiscal imposts including customs duties, VAT and excise (Specific Consumption Tax/ICE) tax shall be paid on the sales.
2. For those cases in which certain goods and products benefit from the exemption or lower rates of customs duties under the terms of bilateral or regional agreements that are lower than the rates referred to in clause 1 of this Article, these rates shall be taken into consideration in respect of sales of similar IFZ produced goods into the internal domestic market.
3. The rules regarding the origin of goods shall not be applied to the application of the preceding clause 65.2.
4. The percentage authorised under the terms of clause 65.1 may be changed by the Minister with oversight of Planning and Development matters on the basis of an application by the EZFI in question, accompanied by the favourable opinion of GAZEDA and the Mozambican Tax Authority. GAZEDA and the Mozambican Tax Authority shall issue clear instructions regarding the general criteria for eligibility for such a change.

Article 66

(Imports and exports das IFZ)

1. The imports and exports of merchandises to and from an IFZ shall be carried out in strict compliance with the requirements established in the IFZ Customs Regime and the Customs Transit Regime.
2. The rules applicable to ZEE imports and exports shall also be applied with the necessary adaptations.



Article 67

(Local suppliers)

The sales of goods and services by local suppliers to an IFZ Developer or IFZ Company to be used for the exercise of licensed activities within the IFZ is considered to be an export.

Article 68

(Sale and transfer of merchandises and goods within an IFZ)

Merchandise and other goods may be sold or otherwise transferred from one company to another within an IFZ in accordance with the terms of the IFZ Customs Regime.

CHAPTER IX

Final and transitory provisions

Article 69

(Transitory regime)

1. Until the approval of the supplementary legal diplomas, the procedures applicable to IFZ shall apply to the ZEE regime, to the extent necessary and with any necessary adaptations.
2. Until the approval of the supplementary legal diplomas, the provisions of the Industrial Free Zone Customs Regime Regulations and the Customs Transit Regulations with any necessary adaptations shall apply to the entry and exit of merchandise to and from a ZEE.
3. The terms of authorisation of investment projects authorised prior to the entry into force of these Regulations shall remain valid and of binding force.

Article 70

(Communications and correspondence)

Communication and the exchange of correspondence between investors and the entities responsible for the coordination of the investment process are binding provided that they are in writing and delivered to parties or entities to which addressed. The respective documents shall be legally binding if signed by the authorised representative of the party or entity in question.



Article 71 **(Claims)**

1. Claims linked to investment matters that arise from the application of Law 3/93, of 24 June and these Regulations, shall be duly documented and submitted to CPI or GAZEDA, according to their respective areas of jurisdiction.
2. CPI or GAZEDA shall submit each claim to the relevant entity and request the respective review as well as measures for the resolving of the claim if the claim concerns matters outside of their respective exclusive areas of jurisdiction.
3. If, within a period of twenty days counting from the date of the request referred to in the preceding clause 71.2, no response is received and no measures taken to resolve the claim submitted, CPI or GAZEDA shall submit a proposed solution for consideration and decision by the Minister with oversight of Planning and Development matters, including express details of the lack of response or the procedure taken by the State entity that is the subject of the claim.
4. The provisions of this Article are without prejudice to the right of the interested parties to recourse to the procedures for the resolution of disputes regarding investment matters provided for in Article 25 of Law 3/93, of 24 June.

Article 72 **(Existing IFZ companies)**

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IFZ developers and companies retain all acquired rights and, if applicable, shall adjust to the new regime within the maximum period of sixty days.

Article 73 **(Existing companies operating within the geographical area of a ZEE)**

1. Companies in existence as of the date of publication of this decree and operating within the geographical area of a ZEE may apply to become a company subject to the ZEE regime.
2. The rights and obligations of an EZEE date from the date of certification of the applicant company by GAZEDA.
3. GAZEDA shall, in coordination with the Mozambican Tax Authority and in accordance with the tax legislation in force, establish the mechanisms for the alteration of the fiscal regime of these companies.
4. GAZEDA shall establish the other terms and requirements to be observed by the applicant companies transitioning to the ZEE regime.

Code of
FISCAL Benefits



Law n° 4/2009, of 12th January



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REPÚBLIC OF MOÇAMBIQUE
ASSEMBLY OF THE REPUBLIC

Law n° 4/2009, of 12 January

It being necessary to reformulate the Code of Fiscal Benefits approved by Decree 16/2002 of 27 June in order to rationalize the fiscal benefits for investments and make them more effective as an instrument of the political economy, the Assembly of the Republic pursuant to the provisions of Article 127.2 and Article 179.2 o) of the Constitution determines:

ARTICLE 1

The Code of Fiscal Benefits, which is annexed to this Law as an integral part thereof, is approved.

ARTICLE 2

55 The Council of Ministers is delegated the competency to approve regulations in respect of this Law and shall do so within a period of 90 days from the date of publication.

ARTICLE 3

All legislation contrary to this Law is revoked.

ARTICLE 4

This Law enters into force on 1 January 2009.

Approved by the Assembly of the Republic on 26 December 2008

The President of the Assembly of the Republic, *Eduardo Joaquim Mulémbwè*

Promulgated on 1 January 2009.

Let it be published.

The President of the Republic
ARMANDO EMÍLIO GUEBUZA



CODE OF FISCAL BENEFITS

TITLE I **GENERAL PROVISIONS**

CHAPTER I **Fundamental Principles**

Article 1 **(Scope of application)**

1. The provisions of this Code apply to investments carried out by individual and corporate persons provided that such persons are duly registered for tax purposes.
2. The investments referred to in the preceding clause are investments that are carried out under the scope of the investment law and its regulations, subject to the exceptions provided for in this code.

Article 2 **(Concept of Fiscal Benefit)**

1. Fiscal benefits are those measures that exempt or reduce the amount of tax to be paid in order to benefit activities that have a recognized public interest as well as to encourage the economic development of Mozambique.
2. Fiscal benefits are those provided for in this Code, namely:
 - a) deductions from taxable income;
 - b) deductions from tax;
 - c) accelerated depreciation and reintegration;
 - d) investment tax credit;
 - e) exemptions;
 - f) the reduction in tax rate and the deferral of the payment of tax.
3. Fiscal benefits are considered to be fiscal expenditure, and the appropriate declaration of benefits used in each tax year is required for the purpose of their determination and control.



Article 3

(Entitlement to Fiscal and Customs Benefits)

1. Investments carried out under the scope of the Investment Law are entitled to the fiscal benefits defined in this Code, provided that the investments observe the terms established herein excluding investments as provided for in paragraph 3 of this article.
2. Investments which are also entitled to the fiscal benefits provided for under this Code are:
 - a) investments that are carried out outside the scope of the investment law in commercial and industrial activities in rural areas;
 - b) investment in new infrastructures built for retail and wholesale commerce;
 - c) manufacturing and assembly industries.
3. With the exception of the situations referred to in the preceding paragraph investments carried out in commercial activities are excluded from entitlement to enjoyment of fiscal benefits.
4. The effective enjoyment of fiscal benefits may not be revoked, nor may the acquired right to the benefit be abrogated, except where as provided for in this code, the beneficiary has not complied with its obligations or if the benefit was improperly granted.

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Article 4

(Accumulation of Fiscal Benefits)

The specific fiscal benefits provided for in this Code may not be aggregated with other specific or general benefits, without prejudice to the cases expressly provided for in this Code.

Article 5

(Transfer of Fiscal Benefits)

The fiscal benefits granted under this Code are transferable during their term of validity by means of an authorization of the Minister with oversight of the area of investment promotion provided that the fiscal benefits are not altered and that transferee fulfils the requirements for the enjoyment of such benefits.

Article 6

(Requirements for Exemption from Customs Duties and Value Added Tax)

1. An exemption from customs duties, and that is only granted when the goods to be imported are not produced in Mozambique or if produced in Mozambique do not satisfy the specific characteristics for the purpose and function required



or inherent in the nature of the project and the respective activity to be carried out and explored.

2. The aforesaid said exemption does not apply to food, drink, tobacco, clothing, passenger vehicles and other articles of personal and domestic use.

Article 7 **(Time Period for the exemption from Customs Duties and Value Added Tax)**

The exemption from customs duties and Value Added Tax - VAT, is granted for the period of the first five years of the project implementation.

Article 8 **(Inspection and Audit)**

All individual and corporate persons who are holders of the right to enjoy fiscal benefits as provided for under this Code are subject to regular inspection and audit carried out by the Tax Administration and other competent entities for the purpose of controlling compliance with the prerequisites for the respective fiscal benefits and compliance with the obligations established for such holders.

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CHAPTER II **Procedures for obtaining Fiscal Benefits**

Article 9 **(General Recognition Requirements)**

The beneficiary of fiscal benefits shall comply with the following general prerequisites for obtaining fiscal benefits, without prejudice to other specific requirements established by law:

- a) tax registration, namely acquisition of a personal tax identification number (NUIT);
- b) have organised books and accounts in compliance with the General Accounting Plan and the requirements of the Corporate Income Tax Code (IRPC) and the Personal Income Tax Code (IRPS);
- c) not have committed any infraction of a tax nature, as provided under the terms of Law 2/2006, of 22 March (Tax Infraction Law).



Article 10

(Recognition of internal tax benefits)

Subject to any provisions to the contrary, in order to obtain automatic recognition of the fiscal benefits which apply to domestic taxes collected by the Tax Administration, the titleholders of investment projects entitled to the enjoyment of Fiscal Benefits shall submit to the local Tax directorate the investment authorisation order and terms or other legally probative instrument together with a copy of the declaration of commencement of activity.

Article 11

(Recognition of import benefits)

1. In order to enjoy the customs and fiscal benefits provided for under this Code with respect to taxes assessed by the Customs Authority, the titleholder of such benefits shall submit to the Customs Services a list of the goods to be imported with exemption from payment of the customs duty and other imposts as well as the other items required under the terms of other legal instruments including the tax registration identification number.
2. The list referred to in paragraph 1 of this Article shall be approved after the issuance of the investment project authorisation and subject to the terms established in the Investment Law Regulations and other applicable legislation.
3. The Customs Services shall, with five business days dating from the date of receipt of the list, undertake the respective registration and control procedures.

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Article 12

(Proof of Investment)

1. In order to enjoy the Fiscal Benefits in respect of income in accordance with the terms of this Code, investment project titleholders entitled to benefits shall submit the following items together with the income tax declaration required under the Corporate and Personal Income Tax Codes (IRPC & IRPS):
 - a) a declaration stating the amount of the investment realised, using the form approved by the Minister having oversight of Finances;
 - b) the origin of the purchases and expenditure which are the basis of any deductions, indicating the invoice number, the name of the supplier, the invoiced amount and amount to be deducted as well as the accelerated depreciation amounts.
2. In order for the Tax Administration to determine the tax expense, investment project titleholders referred to in the preceding paragraph shall submit the declaration with the respective calculation of the value of the tax benefit as provided for in article 2.3 of this Code at the time of the submission of the income tax declaration required under the IRPC and IRPS Codes.



TITLE II

FISCAL BENEFITS

CHAPTER I

General Benefits

Article 13

(Scope of application)

The general benefits provided for under this Chapter apply to investments that are not the beneficiaries of the specific benefits provided for under this Code.

SECTION I

Benefits on the Import of Goods

Article 14

(Customs Duties and Value Added Tax Exemption)

Investments carried out under the terms of the Investment Law benefit from an exemption from payment of customs duties and VAT on the import of equipment classified as class "K" in the Customs Tariff Schedule ("*Pauta Aduaneira*") including the accompanying spare and accessory parts.

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SECTION II

Fiscal Benefits in respect of Income

Article 15

(Investment tax credit)

1. Investments carried out in the City of Maputo benefit, for a period of five tax years, from a deduction (not to exceed the tax payable in respect of the investment project activity) from Corporate Income Tax (IRPC) that is equal to 5% of the total investment actually realised.
2. In the case of investment projects carried out in the other provinces, the percentage, as established in the preceding paragraph 1, is 10%.
3. In the case of Personal Income Tax (IRPS), the investment tax credit deduction referred to in the preceding paragraphs shall not exceed the tax payable in respect of income taxable under Category 2 income (as defined in the IRPS Code).



4. Any portion of the tax credit not used in the respective tax year may be carried forward and used in the five successive tax years dating from the date of commencement of investment for projects currently in operation and the commencement of operations for new projects.
5. For the purposes of the provisions of the preceding paragraphs, only investment in new tangible fixed assets acquired by and utilised in the investment project operations within Mozambique qualifies.
6. The provisions of this article do not apply when the investment in tangible fixed assets results from:
 - a) construction, acquisition, repair or extension of any buildings;
 - b) passenger vehicles;
 - c) furniture and articles of comfort and decoration;
 - d) social equipment;
 - e) specialised equipment which is considered to be advanced technology under the terms of this Code;
 - f) other investment assets that are not directly and necessarily associated with the productive activity carried out by the project.
7. For the purposes of this Code:
 - a) the commencement of investment is considered to be the moment in which the procedures to obtain Fiscal Benefits is initiated, after approval of the investment project;
 - b) the commencement of operations is considered to be the moment in which the operations that produce taxable income are initiated.

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Article 16 **(Accelerated Depreciation and Reintegration)**

1. Accelerated depreciation of new immovable assets used in the conduct of the investment project is permitted. The normal legal rates, which apply to the calculation of depreciation and reintegration amounts considered to be deductible costs for the purpose of determination of taxable income for IRPC or IRPS, may be increased by 50%.
2. The provisions of the preceding paragraph also apply on the same terms to rehabilitated immovable assets and to machinery and equipment used in industrial and /or agro-industrial operations.



Article 17

(Modernization and introduction of new technology)

1. The amount invested in specialised equipment utilizing new technology for the conduct of investment project operations shall, during the first five years from the commencement of operations, benefit from a deduction from taxable income for the purposes of Corporate Income Tax (IRPC) equal to a maximum of 10% of taxable income.
2. The deduction referred to in the preceding paragraph as well as the respective terms applies to Personal Income Tax (IRPS), but only in respect to income from activities falling within Category 2 income (as defined in the IRPS Code).

Article 18

(Professional Training)

1. The cost of investments in professional training of Mozambican employees is deductible from taxable income for the purposes of the calculation of Corporate Income Tax (IRPC), during the first five years dating from the date of commencement of operations up to a maximum amount equal to 5% of taxable income.
2. In the case of professional training in the utilization of equipment considered to be new technology, as referred to in the preceding article, the maximum amount deductible from taxable income for the purposes of the calculation of Corporate Income Tax (IRPC), is equal to 10% of taxable income.
3. The deductions referred to in the preceding paragraphs as well as the respective terms apply to Personal Income Tax (IRPS), but only in respect to income from activities falling within Category 2 income (as defined in the IRPS Code).
4. The investment cost referred to in the preceding paragraphs does not include the cost of equipment and other assets of the company used in the professional training.

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Article 19

(Expenditure considered to be Fiscal Costs)

1. During a period of five tax years dating from the date of commencement of operations, investments eligible for fiscal benefits under the terms of this Code the following allowances may be also considered as costs for the determination of taxable income for corporate income tax (IRPC) purposes:
 - a) in the case of investments carried out in the City of Maputo, 110% percent of the value of expenditure in the construction and rehabilitation of roads, railways, airports, mail delivery, telecommunications, water supply, electrical



- energy, schools, hospitals and other works that are considered to be of public utility by the competent authority;
- b) In the case of the other provinces, an amount equal to 120% percent of the expenditure, under the same terms as the previous paragraph.
 - c) In the case of expenditure for the acquisition for personal ownership of works of art and other objects that are representative of Mozambican culture as well as activities that contribute to the development of such works under the terms of the Law for the Defence of Cultural Patrimony, Law 10/88, of 22 December, only 50% of the expenditure is deductible as a cost for tax purposes.
2. The terms and provisions of the previous paragraph shall be applicable to income subject to the Personal Income Tax (IRPS), but only in respect of income from activities belonging to the Second Category of IRPS.

CHAPTER II

Specific Benefits

SECTION I

Creation of basic infrastructure

Article 20

(Qualifying Investments)

The provisions of this section are applicable to investment by the private sector or by public-private partnerships that has as its exclusive objective the establishment of basic public infrastructure that is essential for the promotion and attraction of investments, for the conduct of concrete activities in sectors of the national economy, such as the construction and rehabilitation of roads, rail lines, airports, water supply, electricity, telecommunications and others.

Article 21

(Customs Duty and Value Added Tax Exemption)

Investments defined in the preceding article benefit from an exemption from the payment of customs duties and VAT on the import of goods classified as class "K" in the Customs Tariff Schedule ("*Pauta Aduaneira*") including the accompanying spare and accessory parts.



Article 22

(Income Tax)

1. Investments that have the exclusive objective of establishing basic public infrastructure as defined in article 19 of this Code, benefit from the following incentives with respect to Corporate Income Tax (IRPC):
 - a) an 80% reduction in the rate of IRPC tax in the first five tax years;
 - b) a 60% reduction in the rate of IRPC from the 6th to the 10th tax year;
 - c) a 25% reduction in the rate of IRPC from the 11th to the 15th tax year.
2. In the case of taxpayers subject to Personal Income Tax (IRPS), the benefit provided for in the previous paragraph shall apply only to the taxable income derived from the activity benefitting from the incentive but only in respect of income from activities belonging to the Second Category of IRPS.

SECTION II

Rural Commerce and Industry

Article 23

(Qualifying Investments)

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The provisions of this section are applicable to investment in the construction and/or rehabilitation of infrastructure to be used exclusively for the conduct of commercial and industrial activity in rural areas.

Article 24

(Customs Duty and Value Added Tax Exemption)

1. Investments in commerce carried out in rural areas benefit from an exemption from payment of customs duties and VAT on the import of goods classified as class "K" in the Customs Tariff Schedule ("*Pauta Aduaneira*") as well as others which are essential to the conduct of the activity, namely:
 - a) freezers;
 - b) scales;
 - c) weights;
 - d) cash registers;
 - e) oil and fuel meters;
 - f) counter.



2. Investments in industry carried out in rural areas benefit from an exemption from payment of customs duties and VAT on the import of goods classified as class "K" in the Customs Tariff Schedule ("*Pauta Aduaneira*") including the accompanying spare and accessory parts.
3. The application for the enjoyment of the fiscal and customs benefits shall be made by a legally registered business entity and shall include the entity's NUIT (tax identification number) and the business licence for commercial or industrial activity in rural areas.

SECTION III

Manufacturing and Assembly Industries

Article 25 **(Qualifying Investment)**

The provisions of this section apply to investments in the manufacturing and assembly industry sector.

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Article 26 **(Exemption of customs duties)**

1. Investments in the manufacturing industry sector benefit from an exemption from payment of duties on the import of raw materials to be used in the industrial manufacturing process.
2. Investments in the assembly of motor vehicles; electronic equipment; computer and communications technology and others benefit from an exemption from payment of customs duties on the import of materials to be used in the industrial production process.
3. The application for the enjoyment of the fiscal benefits defined in the preceding paragraphs shall be made by a legally registered business entity and shall include the entity's NUIT (tax identification number) and the business licence for industrial activity.
4. The fiscal benefits referred to in paragraphs 1 and 2 of this article are granted to investment projects which both demonstrate and assume the obligation to maintain an annual invoicing not less than 3.000.000,00 Meticaís and which have a final product added value of at least 20%.



SECTION IV

Agriculture and Fishery

Article 27

(Customs Duty and Value Added Tax Exemption)

Investment in agriculture and aquaculture shall benefit from an exemption from payment of customs duties and VAT on the import of equipment classified as class "K" in the Customs Tariff Schedule ("*Pauta Aduaneira*") including the accompanying spare and accessory parts.

Article 28

(Income Tax)

1. Investment in agriculture and aquaculture benefit from the following tax incentives with respect to Corporate Income Tax (IRPC):
 - a) an 80% reduction in the IRPC rate until 31 December 2015;
 - b) a 50% reduction in the IRPC rate from 2016 until 2025.
2. In the case of taxpayers subject to Personal Income Tax (IRPS), the benefit provided for in the previous paragraph shall apply only to the taxable income derived from the activity benefitting from the incentive but only in respect of income from activities belonging to the Second Category of IRPS.

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Article 29

(Additional Benefits)

The fiscal benefits provided for in articles 18 and 19 of this Code shall apply to investments in agriculture and aquaculture as defined in this section.

SECTION V

Hotelry and Tourism

Article 30

(Qualifying Investment)

1. The provisions of this section are applicable to investments in hotelry and tourism industry, namely:



- a) construction, rehabilitation, expansion or modernization of hotelery units and the respective complementary and related parts, with the principal purpose being the provision of tourism services;
 - b) development of infrastructure for the establishment of camping and caravan parks with a minimum three star classification;
 - c) equipment for the development and exploration of marinas;
 - d) development of wild life reserves, national parks and game reserves for tourism.
2. Investments in the following areas are excluded from the provisions of the previous paragraph:
- a) rehabilitation, construction, expansion or modernization of restaurants, bars, cafés, food establishments, discotheques and other similar units when not a part of the units referred to in the previous paragraph;
 - b) car rental;
 - c) travel agencies, tourism operators and similar activities.
3. Investments carried out in tourism and hotelery activity, which are not eligible for the specific benefits defined in the previous paragraph, are entitled to the general benefits defined in articles 15 to 19 of this Code.

Article 31 **(Customs Duty and Value Added Tax Exemption)**

Qualifying investment as defined in article 30.1 of this Code shall benefit from an exemption from payment of customs duties and VAT on the import of equipment classified as class "K" in the Customs Tariff Schedule ("*Pauta Aduaneira*") as well as the following goods which are considered to be indispensable for the conduct of tourism and hotelery activity provided that the quantities are limited to the amounts strictly necessary for the construction and outfitting, namely:

- a) construction materials excluding cement, blocks, tiles, paint and varnish
- b) rugs and carpets;
- c) sanitary equipment;
- d) furniture;
- e) textiles;
- f) elevators;
- g) air conditioners;
- h) kitchen equipment;
- i) refrigeration equipment;
- j) tableware and restaurant and bar articles;
- k) communication equipment;
- l) safes;



- m) computer and sound equipment;
- n) televisions;
- o) recreational watercraft, yachts and related equipment and water sports security equipment;
- p) aircraft, aeroplanes, helicopters, hang-glider, gliders, flight simulators, equipment and related equipment and tourist activity security equipment.

Article 32

(Investment tax credit, accelerated depreciation and reintegration)

1. Qualifying investment under the terms of this section also benefit from the tax credit provided for under article 15 of this Code.
2. Accelerated depreciation of new immovable assets, vehicles, automobiles and other tangible fixed assets used in the conduct of the hotelry and tourism activities is permitted. The normal legal rates that apply to the calculation of depreciation and reintegration amounts considered to be deductible costs for the purpose of determination of taxable income for Corporate Income Tax (IRPC) or Personal Income Tax (IRPS) may be increased by 50%.

Article 33

(Additional Benefits)

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Investments defined in this section benefit from the benefits provided for in articles 17 to 19 of this Code.

SECTION VI

Science and Technology Parks

Article 34

(Science and Technology Parks)

Investments in scientific investigation, development of information and communication technologies, as well as research and development benefit, for the duration of the project, from an exemption from the payment of customs duties and VAT on the import of scientific, teaching and laboratory material and equipment, including software and support materials, for technical, scientific education, teaching and investigation construction materials, machinery, equipment, and the respective accompanying accessories and spare parts.



Article 35 (Income Tax)

1. Investments in the areas of scientific investigation, information and communication technology development as well as research and development carried out in science and technology parks shall benefit from the following incentives in respect of Corporate Income Tax (IRPC):
 - a) IRPC exemption in the first five tax years;
 - b) a 50% reduction in the rate of IRPC tax from the 6th to the 10th tax year;
 - c) a 25% reduction in the rate of IRPC from the 11th to the 15th tax year.
2. In the case of Personal Income Tax (IRPS) taxpayers, the benefit provided for in the previous paragraph shall apply only to the taxable income derived from the activity which is the beneficiary of the incentive and which is Category 2 income.
3. Investments that do not fall within the areas of scientific investigation, technological development, information and communication, and research and development carried out in science and technology parks are not entitled to the fiscal benefits referred to in paragraphs 1 and 2 of this article.

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SECTION VII Large Dimension Projects

Article 36 (Qualifying Investments)

Authorized investment that exceeds twelve million five hundred thousand Meticais ¹, as well as investment in public domain infrastructure carried out under the regime of a concession are entitled to the fiscal benefits set out in this section.

Article 37 (Customs Duty and Value Added Tax Exemption)

Investments defined in the preceding article shall benefit from an exemption from payment of customs duties and VAT on the import of construction materials, machinery, equipment accompanying spare and accessory parts and other goods used in the carrying out of the activity.

¹ *Technical error. Value to be corrected to twelve billion five hundred million Meticais.*



Article 38 **(Additional Benefits)**

The fiscal benefits provided for in articles 15 to 19 of this Code shall apply to investments defined in this section.

SECTION VIII **Rapid Development Zones**

Article 39 **(Definition)**

For the purposes of this Code, Rapid Development Zones (ZRD) are geographic areas within the national territory of Mozambique which have great natural resource potential but which are lacking in infrastructure and have a weak level of economic activity.

Article 40 **(Qualifying Areas)**

1. Rapid Development Zones include the following regions in Mozambique: Zambeze River Valley zone, Niassa Province, Nacala district, Ilha de Moçambique (Mozambique Island), Ibo Island and other areas which may be approved by the competent authority.
2. The Zambeze River Valley zone includes:
 - a) all the districts in Tete Province;
 - b) the districts of Morrumbala, Mopeia, Chinde, Milange, Mocuba, Maganja da Costa, Nicoadala, Inhassunge, Namacurra and Quelimane in Zambézia Province;
 - c) the districts of Gorongosa, Maringué, Chemba, Caia, Marromeu, Cheringoma and Muanza in Sofala Province;
 - d) the districts of Bárue, Guro, Tambara and Macossa in Manica Province.
3. The Council of Ministers has the competency to establish new rapid development zones under the terms of this Code.

Article 41 **(Eligible Activities)**

1. The following activities are eligible for the fiscal benefits specified in this Section:
 - a) agriculture;
 - b) tree plantations;



- c) aquaculture;
- d) stock-raising;
- e) forestry operations;
- f) wild life related operations;
- g) water supply;
- h) electricity generation, transport and distribution;
- i) telecommunications;
- j) construction of public use infrastructures;
- k) housing construction;
- l) construction of agriculture related infrastructures;
- m) construction of hotel infrastructure and hotel operation, tourism and related activities;
- n) construction of trade infrastructure;
- o) industry;
- p) cargo and passenger transport;
- q) education;
- r) health.

2. The fiscal benefits provided for in this Section apply exclusively to investments in activities carried out in Rapid Development Zones.

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Article 42

(Customs Duties and Value Added Tax Exemption)

Investments carried out in Rapid Development Zones in the activity sectors defined in the previous paragraph benefit from an exemption from payment of customs duties and VAT on the import of goods in class "K" of the Customs Tariff Schedule ("*Pauta Aduaneira*") including the accompanying accessories and spare parts.

Article 43

(Fiscal benefits in respect of Income)

1. Investments located in Rapid Development Zones in the activity sectors defined in this Section benefit for a period of five tax years from an investment tax credit equal to 20% of the total investment realized, deductible from the Corporate Income Tax (IRPC) payable but which shall not exceed the tax otherwise payable.
2. In the case of taxpayers subject to Personal Income Tax (IRPS) the tax credit referred to in the previous paragraph shall not exceed the amount of tax resulting from income from the activity that is the beneficiary of the incentive and which is income classified as second category income(as defined in the IRPS Code).



3. Any portion of the tax credit not used in the respective tax year may be carried forward and used in the five successive tax years dating from the date of commencement of investment for projects currently in operation and the commencement of operations for new projects.

Article 44 **(Additional Benefits)**

Investments defined in this section benefit from the benefits provided for in articles 18 and 19 of this Code.

SECTION IX **Industrial Free Zones**

Article 45 **(Customs Duty and Value Added Tax Exemption)**

1. Operators of Industrial Free Zones benefit from an exemption from payment of customs duties on the import of construction materials, machinery, equipment, accompanying spare and accessory parts and other goods used in the carrying out of the licensed Industrial Free Zones activity.
2. Industrial Free Zones enterprises benefit from an exemption from customs duties on the import of goods and merchandise to be used in the implementation of projects and exploration of activities which have been authorised under the terms of the Industrial Free Zones Regulations.
3. The exemption referred to in paragraphs 1 and 2 of this article includes VAT both on the import and on internal acquisitions as provided for in the VAT Code.

Article 46 **(Income Tax)**

1. From the date of the issuance of the respective Certificate, Industrial Free Zones Developers and enterprises benefit from the following incentives with respect to Corporate Income Tax (IRPC):
 - a) IRPC exemption in the first ten tax years;
 - b) a 50% reduction in the rate of IRPC tax from the 11th to the 15th tax year;
 - c) a 25% reduction in the rate of IRPC for the remaining life of the project.



2. Isolated Free Zone enterprises approved in accordance with the terms of the Free Zone Regulations benefit from the following incentives with respect to Corporate Income Tax (IRPC):
 - a) IRPC exemption in the first five tax years;
 - b) a 50% reduction in the rate of IRPC tax from the 6th to the 10th tax year;
 - c) a 25% reduction in the rate of IRPC for the remaining life of the project.

SECTION X

Special Economic Zones

Article 47

(Customs Duty and Value Added Tax Exemption)

1. Special Economic Zones Developers and Enterprises benefit from an exemption from payment of customs duties on the import of construction materials, machinery, equipment, accompanying spare and accessory parts and other goods used in the carrying out of the licensed Special Economic Zones activity.
2. The exemption referred to in paragraph 1 of this article includes VAT both on the import and on internal acquisitions as provided for in the VAT Code.

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Article 48

(Income Tax)

1. From the date of the issuance of the respective Certificate, Special Economic Zones Developers benefit from the following incentives with respect to Corporate Income Tax (IRPC):
 - a) IRPC exemption in the first five tax years;
 - b) a 50% reduction in the rate of IRPC from the 6th to the 10th tax year;
 - c) a 25% reduction in the rate of IRPC for the remaining life of the project.
2. From the date of the issuance of the respective Certificate, Special Economic Zone enterprises benefit from the following incentives with respect to Corporate Income Tax (IRPC):
 - a) IRPC exemption in the first three tax years;
 - b) a 50% reduction in the rate of IRPC from the 4th to the 10th tax year;
 - c) a 25% reduction in the rate of IRPC from the 11th to the 15th tax year.
3. Special Economic Zone enterprises approved in accordance with the terms of the Special Economic Zone Regulations benefit from a 50% reduction in the rate of IRPC tax for a period of five tax years.



CHAPTER III

Sanctions

Article 49

(Sanctions which preclude, suspend or cancel Fiscal benefits)

1. Without prejudice to other sanctions permitted under the tax and customs legislation in force, the violation of the provisions of this Code is subject to the application of sanctions which may, depending on the gravity of the infraction, preclude, suspend or cancel the application of the fiscal benefits.
2. The failure to comply with one or more of the prerequisites provided for in Article 8 of this Code is an infraction subject to the sanction of preclusion from the enjoyment of the benefits.
3. Infractions subject to the sanction of suspension of benefits, are:
 - a) the failure to pay taxes that are due to the State Treasury, provided that this infraction occurs only once;
 - b) the failure to deliver the declaration required under Article 2.3 of this Code;
 - c) the commission of infraction of a fiscal nature and other infractions, provided that under the terms of the applicable legislation are not considered to be grave;
 - d) non-compliance with the terms imposed in the grant of the fiscal benefits.
4. The repeated commission of the infractions referred to in the preceding paragraph shall be subject to the sanction of cancellation, without prejudice to the terms of Law 2/2006, of 22 March.

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Article 50

(Cancellation and suspension of fiscal benefits)

1. The enjoyment of fiscal benefits shall expire at the end of the period of time for which granted, when cancelled as a sanction or if subject to terms and conditions, when a resolute condition occurs or the beneficiary fails to comply with the obligations imposed by these terms and conditions.
2. The cancellation or suspension of fiscal benefits results in the automatic application of general taxation as provided for by law.
3. In the event of the application of a suspensive sanction, the suspension shall remain in force until the complete remedying of the cause of the suspension, including the payment within a period of sixty days counting from the date of the notification of tax due by the competent services.
4. The holders of a right to fiscal benefits are obliged to declare, within a period of 30 days thereof, when the factual or legal basis for the fiscal benefit has ended including the suspension of fiscal benefits but excluding where the termination was officially known.



CHAPTER IV

Miscellaneous

Article 51

(General transitory regime)

1. The fiscal benefits the right to which has been acquired or the application for which has been formulated and submitted on the basis of prior Codes of Fiscal Benefits, approved by Decree 12/93, of 21 July, and Decree 16/2002, of 27 June, prior to the entry into force of this Code on 1 January 2009 shall be maintained in accordance with the terms on which granted.
2. Investment projects submitted for analysis and approval prior to the entry into force of this Code on 1 January 2009, shall be reviewed and decided in accordance with the terms of the Code of Fiscal Benefits approved by Decree 16/2002, of 27 June, except where the proponents expressly choose and request the application of this Code, within the maximum time period of sixty days from date of this Code's entry into force.

Article 52

(Disposal of assets subject to fiscal benefits)

When the fiscal benefit applies to the acquisition of assets to be directly applied in the realisation of the buyer's objectives, if the assets are disposed of or applied to another purpose, without obtaining the prior authorisation of the competent authority, the fiscal benefit will be null and void, without prejudice to any other sanctions.

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Article 53

(Supplementary rules)

The provisions of the Corporate Income Tax Code, the Personal Income Tax Code, the Value Added Tax Code, the Customs Dispute Procedures, the Tax Dispute Procedures, the Tax Executions Code and other applicable legislation shall apply to any omission in this Code unless contradicted by the provisions of this Code.

Article 54

(Entry into force)

This Law enters into force on 1 January 2009.

Approved by the Assembly of the Republic on 26 December 2008.

The President of the Assembly of the Republic, Eduardo Joaquim Mulémbwè.

Promulgated on 1 January 2009.

Let it be published.

The President of the Republic, ARMANDO EMÍLIO GUEBUZA.

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