



## Tax Alert

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### Alterations to the Corporate Income Tax Code and its Regulation

The Corporate Income Tax Code approved by Law 34/2007 of 31 December, and its Regulation approved by Decree 9/2008 of 16 April, were amended by Law 4/2012 of 23 January and Decree 3/2012 of February 24, respectively.

Next, we present the main amendments:

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*“...The income obtained in the agricultural and livestock activities benefit, from January 2012 to December 2015, from a reduced corporate income tax rate, of 10%”*

- The companies, holders of mineral and oil rights, granted under the law of mines and oil, must assess the profit and organize its accounting records autonomously, which means, for each mining titles and concession agreements which, on its turn, must have a specific/individual tax registration number.
- The tax and accounting returns from the companies above mentioned, namely, annual income returns, tax and accounting information return, registration, amendment or cancellation of tax payer registry must be completed separately, for each mining title or concession agreement, not being allowed to compensate losses assessed in a particular mine or area of concession agreement by the gains assessed in other.
- The specific taxes of the mining and oil activities are not accepted as costs for tax purposes.
- The income obtained in the agricultural and livestock activities benefit, from January 2012 to December 2015, from a reduced corporate income tax rate, of 10%.
- Are subject to a withholding tax rate of 10% the income, listed below, when obtained by non-resident entities which does not have a permanent establishment in Mozambique to which they are imputed.
  - ✚ Income from construction and rehabilitation of productive infrastructures, transport and distribution of electricity in rural areas, under the scope of public projects of rural electrification;
  - ✚ Income from charter of marine vessels to conduct fishing and cabotage activities.

## Alterations to the Value Added Tax Code and its Regulation

The Value Added Tax Code approved by Law 32/2007 of 31 December, and its Regulation approved by Decree 7/2008, dated April 16, were amended by Law 3/2012 of 23 January and Decree 4/2012 of 24 February, respectively.

Next, we present the main amendments:

*The acquisition of services related to drilling, research and construction of infrastructures under the scope of mining and oil activity, are exempted from VAT on the exploration phase.*

- Are exempted from VAT, the transfer of goods and provision of services, listed below:
  - ✚ Insecticides;
  - ✚ Soya bean, soya meal, whole soy, fish meal, meat meal, bone powder, calcium monophosphate, lysine, methionine, to be used on the production of feed for animals breeding and slaughter for human consumption. In addition to this exemption, these goods also benefit from VAT exemption on definitive import.
  - ✚ The transfer of goods and provision of services referred to in subparagraphs a) b) c) e) f) of paragraph 13 of Article 9 of the VAT Code, including the transfer of goods resulting from industrial activity of production of cooking oil and soap carried out by the respective factories, are exempt from VAT from January 2012 until December 31, 2015.
- The acquisition of services related to drilling, research and construction of infrastructures under the scope of mining and oil activity, are exempted from VAT on the exploration phase.
- The taxable base on the rural electrification services correspond to 40% of the service price.
- The VAT contained in invoices or equivalent documents shall be deducted on the VAT return from the period corresponding to the date of the invoice or equivalent document. Not being able to deduct the VAT in the referred terms, the taxpayer may exercise the right to deduct on the following 90 days, counted from the time that the tax became payable.
- The VAT credit assessed in the VAT returns submitted after the deadline can only be used after reception of a communication made by the Tax Authorities within 30 days from the date of submission of the return. For this purpose, the taxpayer must submit, together with the return, the following documents:
  - ✚ Photocopy of the returns that have influenced the credit requested;
  - ✚ Explanation note for the regularizations made in the return that the credit concerns, as well as the type of transaction, identification of the taxpayer, value of the VAT regularization and taxable base. If the amount of regularization is lower than 250.00 MT for each return and 2,500.00 MT in total, there is no need to present the explanation note;
  - ✚ Suppliers statements, filled in according to the approved template;
  - ✚ Copy of the trial balance for the credit period;
  - ✚ Copy of final importation document, if applicable.



## Alterations to the Specific Consumption Tax Code

Through Law 5/2012 of January 23, amendments were made to the Specific Consumption Tax Code, approved by Law 17/2009 of 10 September, namely:

- Are exempted of specific consumption tax the raw materials, finished and intermediate products or of local production, for the working of national industries or for incorporation into products by them produced.
- Creation of the tariff code for beer from roots and tubers, being subject to a 10% Ad Valorem rate.

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