

Business in Angola



Angola is one of the largest countries in Africa, with an area of 1,246,700 km², located on the West Coast. It has 4,837 km of land borders and 1,600 km of maritime borders. The estimated population is over 33,83 million inhabitants. Its territory is divided into 18 provinces and Luanda is the country's capital. The official language is Portuguese. The local currency is the Kwanza. Angola is the third largest market in Sub-Saharan Africa. Angola has vast mineral and petroleum reserves, and its economy is among the fastest growing in the world.

There are several advantages to investing in Angola:

- Access to 38 of the top 50 minerals used in various industries, such as diamonds, iron, gold, phosphates, manganese, copper, lead, zinc, volphamium, tungsten, titanium, chromium, marble, granite and uranium
- Presence of several microclimates allows for a varied agricultural production during the 12 months of the year, with an arable land area of 35 million hectares, of which only 14% is used
- Sixty-nine million hectares of forestry extension comprised of woods of great economic values such as ebony, African sandalwood and rosewood, and commercial plantations of pine and eucalyptus trees
- Access to 1,600 kilometres of coastline with abundant stocks of fishery products such as mackerel and tuna, shellfish, sardines, and seafood, among others
- Access by sea, with four neighboring countries: D.R. Congo, Congo Brazzaville, Zambia, and Namibia

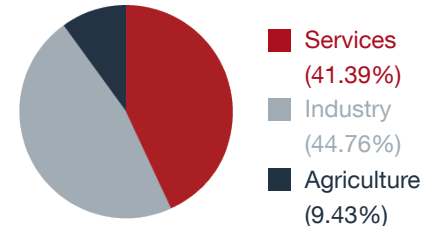


Population

32.87
million



GDP Breakdown by Sector



Currency

Angolan
Kwanza (Kz)

Foreign Direct Investment (est. 2019)

-4.1 billion (USD)

GDP Growth (est. 2020)

-4%

Business Climate

Angola is the 74th largest in the world (10th in Africa) with a nominal gross domestic product (GDP) of over USD \$66 billion per year. GDP in Angola is expected to reach USD \$100 Billion by the end of 2021.

The oil sector accounts for one-third of GDP and more than 90% of exports. The transformation of a state-led oil economy to a private-sector-led growth model is a complex and long-term process and the oil sector will continue to play an important role during this transition period.

Angola is a member of the United Nations, OPEC, African Union, the Community of Portuguese Language Countries and Southern African Development Community.

Property Organisation, the World Trade Organisation, the Paris Convention for the Protection of Industrial Property and the Patent Cooperation Treaty.

The protection of copyright ownership occurs under the terms of law and does not require registration. However, it may be required the registration of certain acts for constitutive, declarative or publicity purposes of such rights.

Applications for registration must be filed with the Angolan Industrial Property Institute and the registration has constitutive effect. The duration of protection varies from five to 20 years, depending on the right granted.

International Trade

Cross-border transactions of goods are subject to payment of customs charges, stamp duty, value added tax, special consumption taxes and general customs fees.

In addition to being part of the World Trade Organization since 23 November 1996, Angola is party to several relevant trade agreements, which offer developing countries a reduction in customs duties for some of their products entering the European market.

The Angolan government is strongly in favour of Foreign Direct Investment (FDI), perceived as a necessity for the diversification of the economy. Currently there is not a mandatory minimum amount for private investment, hence any investment may be entitled to the transfer of profits.

Investment projects approved under the Private Investment Law (PIL) benefit from the right to repatriate profits and certain foreign investment projects approved under the PIL may qualify for certain tax and customs incentives, as provided in the Tax and Customs Incentives Law. The tax and customs incentives are granted by AIPEX, depending on whether the investment is within a priority economic sector or if it contributes to the development of disadvantaged regions. Other factors, such as the number of new jobs created or the amount of the investment project, are also considered in certain situations.

The stock of FDI in the country is USD \$16.8 billion in 2020. The petroleum sector remains the main destination for FDI flows. Most of FDI in Angola comes from China, Portugal, the U.S., France and the Netherlands.

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Tax Regime

The main direct taxes applicable in Angola are:

- **Corporate Income Tax:** Applicable to tax residents in Angola and on its net profits generated in the country at the general rate of 25%, but there is a reduced rate of 10% for income generated in the context of agricultural, fish farming, poultry farming, fishing, forestry, and livestock activities.
- **Personal Income Tax:** All resident and non-resident Angolan and foreign individuals earning work-related income in Angola are subject to personal income tax (IRT). This means that all expatriate employees and individual contractors working in Angola (which includes resident individuals, but also non-resident foreign personnel) are subject to IRT on the income obtained therein, regardless of their length of stay in the country. Progressive and fixed rates are applicable from a range up to 30%.
- **Capital Gains Tax (IAC):** IAC is levied on the income from the simple application of capital. IAC rates vary depending on the type of gain generated by the relevant transaction (5%, 10% or 15%).
- **SISA Tax:** SISA Tax is levied on transmissions of property or any real estate right. The SISA tax rate is 2%.
- **Value-Added Tax (VAT):** Entities with a turnover less than or equal to the equivalent in Kwanzas to the estimated amount for micro companies (USD \$250,000) are subject to a non-submission regime. The VAT Code provides for a single rate of 14% for all imports of goods and for all major taxpayers with income in excess of AOA 15 million and also for large public companies and banking financial institutions. It includes exemptions for some basic food products, transmissions of petroleum products, transmissions of medicines intended exclusively for therapeutic and prophylactic purposes, among others.
- **Stamp Duty Tax:** It is imposed on deeds, contracts, agreements, law proceedings, bills and notes, customs clearance documents, letters, receipts and other documents. The Stamp Duty rate varies as per type of document.
- **Urban Property Tax (IPU):** IPU is levied on the income of the urban building when it is leased and on the equity value of urban buildings when it is not. For rented buildings, the rate is 25% on 60% of the taxable amount, resulting in an effective rate of 15%. For non-rented buildings, the rate is the following:
 - Up to AOA 5,000,000 is 0%
 - More than AOA 5,000,000 on the excess is 0.5%.

Establishing a Business

Foreign investors typically choose between the two main types of companies available under the Company Law:

- **Private Limited Liability or Limitada (LDA):** company by quotas. A LDA must have a minimum of two shareholders. The minimum capital required is AOA 100,000.
- **Private Limited Liability or Sociedade Anónima (SA):** company by shares. A SA company must have a minimum of five shareholders. The minimum capital required is equivalent to USD \$20,000.

The LDA type is the option more often chosen by foreign investors mainly due to its simpler structure and administration requirements and less costly incorporation procedures.

Employment Affairs

Employment Contract: Workers must, as a rule, be hired for an indefinite period. However, contracting for a fixed period is allowed in certain situations.

The Angola minimum wage rate, depending on the activity, goes from AOA 21,454 to AOA 32,181 per month (13 times per year).

Work Visa: In order to work in the country expatriate resident employees are required to obtain a work visa from the Angolan emigration authorities. Typically, the Angolan authorities require that the employer company maintain some sort of corporate presence in Angola in order to grant work visas to expatriate employees.


Social Security: Under Angolan law, expatriate employees are only required to adhere to the Angolan social security system if they are not covered by a social security scheme in their home country. Double taxation treaties should be verified, if existing. Social security payments are shared between the company and the employee (8% for the former and 3% for the latter).

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Oliveira & Associados, Angola
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