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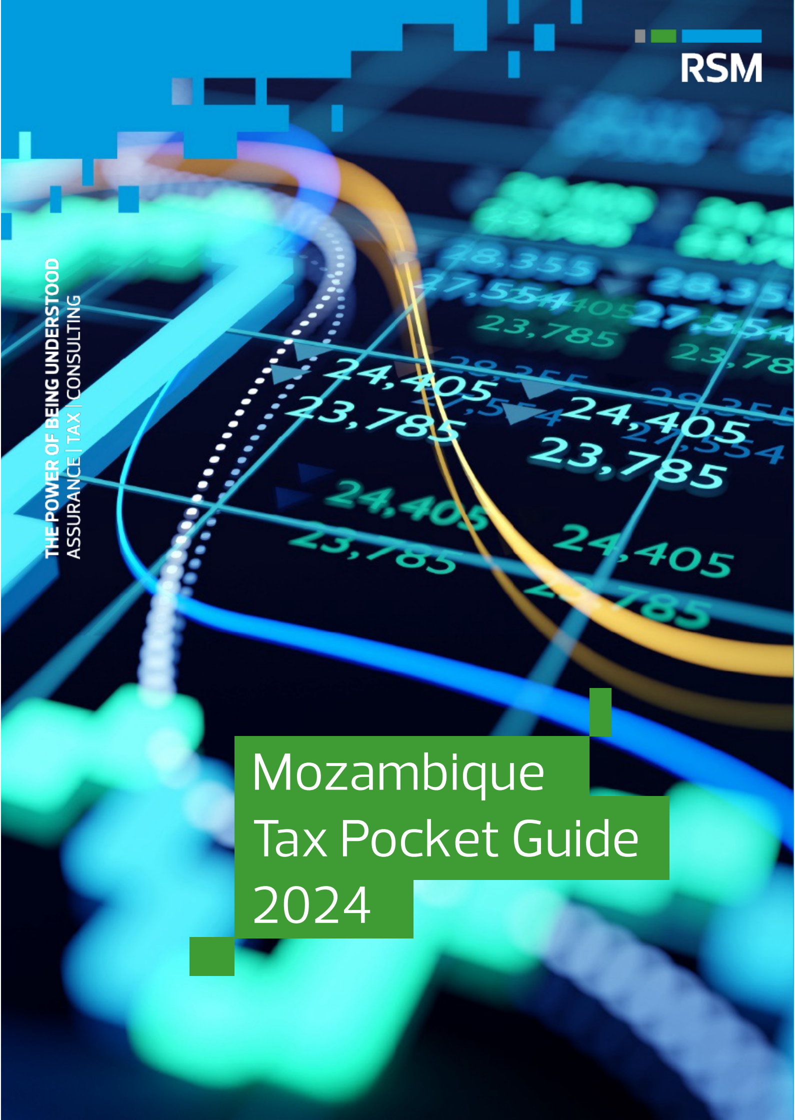

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Mozambique Tax Pocket Guide 2024

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Tax Calendar

The tax calendar in Mozambique is from January to December, coinciding with the calendar year, however, the taxpayer may, if so desired, adopt a tax period different from the calendar year, provided that this fact is duly justified and communicated to the Tax Authorities, and when the entity is more than 50% owned by a group that adopts a tax year different from the calendar year. We refer below to the tax calendar in Mozambique.

Tax	Obligations		Deadlines
VAT- Value Added Tax	Submission of VAT returns (Form A)		Payment returns must be submitted by the last day of the following month to which the transactions refer
			Credit returns must be submitted by the 15th day of the following month to which the transaction refers
CIT- Corporate Income Tax	CIT Withholding tax filling – IRPC (Form 39)		Up to the 20th day of the following month to which the transactions refer
	Annual Corporate Income Tax Filling and payment – (Form 22)		Must be submitted and paid by May 31st or by the 5th month following the end of the fiscal year, if a fiscal year other than the calendar year is adopted
	Tax and accounting information filling – (Form 20H & 20I)		By March 31st of each year
	Provisional Tax Payment	1st installment	By May 31st of each year*
		2nd installment	By July 31st of each year*
		3rd installment	By September 30th of each year*

Tax Calendar

Tax	Obligations		Deadlines
CIT- Corporate Income Tax	Special Provisional Payment	1st installment	By June 30th of each year**
		2nd installment	By August 31st of each year**
		3rd installment	By October 31st of each year**
	Submission of Form 20 and respective annexes		By the last day of June each year
	Annual Transfer Pricing Income Statement – (Form 20 Annex I)		By the last day of June each year
PIT- Personal Income Tax	PAYE & Withholding tax filling – IRPS (Form 19)		Up to the 20th day of the following month to which the transactions refer
Social Security	Payroll filling and payment		Up to the 10th day of the following the month to which the transactions refer
Employee Nominal List	Submission of the Nominal List		By April 30th of each year
Municipal Taxes	Economic Activity Tax	1st installment	By March 31st of each year
		2nd installment	By June 30th of each year
		3rd installment	By September 30th of each year
Vehicle Tax	-		By March 31st of each year

* For taxpayers who adopt a tax period different from the calendar year, in which case they must make their provisional payments in months 5, 7 and 9 of the respective tax period, using payment Form M/39.

** In the case of entities that opt for a tax period different from the calendar year, the installments of the special Provisional payment will take place in months 6, 8, and 10 of the respective tax period.

TAX RESIDENCE

Individuals

Individuals will be considered residents in the national territory for tax purposes if they reside in Mozambique for more than 180 days, consecutive or interpolated, in the same tax year, or if they are resident for a shorter period and on December 31 (being the last day of the tax year) they occupy a residence in circumstances that indicate an intention to remain permanent.

Corporate Entities

Corporate entities will be considered to be resident in Mozambique if their domicile, head office, or effective management is located in Mozambique.

Taxable income

Corporate entities and individual's resident in national territory are taxed on the totality of their income.

Corporate entities and individuals who are not residents in the national territory are taxed only on income obtained in Mozambique.

Companies' resident in the national territory are subject to corporate income tax on their corporate profits and other forms of income obtained in the national territory. Branches and permanent establishments of non-resident entities are subject to tax only on income obtained in the national territory.

EMPLOYMENT INCOME

Employment income includes salary and any fringe benefits attributed to the employee, derived from :

Remuneration under an employment or similar contract;
Work performed under a contract for the provision of services, under the effective authority and direction of the acquirer;
The performance of public service;
Pre-retirement and other benefits granted through the National Social Security system upon retirement.

Fringe benefits

The concept of fringe benefits includes any rights and benefits not included in the base salary, attributed to the employee by virtue of the employment relationship and which constitute an economic advantage for the employee.

The fringe benefits must be quantified in Meticais and according to the following rules:

At the official price	Through the official acquisition quotation	At market value, under competitive conditions

TAXATION OF EMPLOYMENT INCOME

Taxation of employment income is directly linked to the tax residence of the income beneficiary. There are two main methods of taxation of Personal Income Tax:

- Withholding tax under PAYE basis – the tax rate will vary according to the level of income earned.
- Withholding at a rate of 20% – if the beneficiary does not stay in the country for more than 180 days or earns income as a service provider to the entity that must withhold tax.
- Salaries of employees who qualify as residents according to the Personal Income Tax Code in force are taxed based on the PAYE scheme. Salaries of employees who qualify as non-residents under the Personal Income Tax Code in force (stay in the country for less than 180 days during the tax year) are taxed at a flat rate of 20%.

Personal Income Tax Rates

INDIVIDUAL – TAX RATES

Limit		Number of Dependents					Rate
Minimum	Maximum	0	1	2	3	4	
–	20 249,99	–	–	–	–	–	0%
20 250,00	20 749,99	–	–	–	–	–	10%
20 750,00	20 999,99	50,00	–	–	–	–	10%
21 000,00	21 249,99	75,00	25,00	–	–	–	10%
21 250,00	21 749,99	100,00	50,00	25,00		–	10%
21 750,00	22 249,99	150,00	100,00	75,00	50,00	–	10%
22 250,00	32 749,99	200,00	150,00	125,00	100,00	50,00	15%
32 750,00	60 749,99	1 775,00	1 725,00	1 700,00	1 675,00	1 625,00	20%
60 750,00	144 749,99	7 375,00	7 325,00	7 300,00	7 275,00	7 225,00	25%
144 750,00	144 750,00	28 375,00	28 325,00	7 300,00	28 275,00	28 225,00	32%

SOCIAL SECURITY

The monthly social security contribution is levied on remuneration paid to employees on a regular basis.

- The monthly contribution is 7%, of which 4% is borne by the employer and 3% by the employee.
- Social security contributions are not mandatory for foreign employees who can prove that they contribute to a similar social security scheme in another country, however, they must apply for the exemption in advance.
- Foreign employees can apply for a refund of their paid contributions (3%) when they leave the country indefinitely (and before they are entitled to retirement benefits).

Personal Income Tax Rates

INDIVIDUAL – RESIDENT TAX RATES

Self-employment income (service provision)	20%
Intellectual or industrial property income	20%
Income from the use of agricultural or industrial equipment	20%
Real Estate Income	20%
Income from agency commissions	20%
Interest on time deposits	10%
Income from shares listed on the Mozambique Stock Exchange	10%
Income from debt securities classified as MSE	20%
Other capital income (e.g. dividends) or derived from swap transactions	20%
Professional artists and athletes	10%

INDIVIDUAL – NON-RESIDENT TAX RATES

Other income not mentioned above and related to services rendered Residents	20%
Intellectual or industrial property income	20%
Other capital income (e.g. dividends)	20%
Real Estate Income	20%
Interest on treasury bills, debt securities issued on the ESM and liquidity swaps between banks	20%

INCOME TAX

Taxable income in Mozambique includes profits, which are derived from companies and other business entities resident in national territory or whose income is attributable to them, adjusted for positive and negative equity variations that are not reflected in the taxable income according to the accounting records and, when applicable, adjusted according to the Mozambican IRPC Code.

COSTS AND LOSSES ACCEPTED FOR TAX PURPOSES

Are considered costs for tax purposes those that are necessary to the activity of the business entity; that is, it is indispensable to generate the profits and gains obtained by the business entity.

There is a clear indication in the IRPC Code as to which costs are not tax deductible and must be added to the tax base for Corporate Income Tax.

WITHHOLDING TAX

Payments made by a resident in Mozambique to a non-resident relating to certain types of income obtained in the national territory are subject to corporate income tax (IRPC) at a rate of 20%. However, the rate may be reduced to 0% in case of the application of treaties to reduce the rate and to avoid double taxation of income.

The obligation to withhold tax arises at the following moments, as the case may be (whichever occurs first):

- Date of payment of the service;
- Date of income availability;
- Date of maturity of the obligation;
- Date of cost recognition.

However, where withholding tax is due on income earned by non-resident entities, proof of payment of the tax must be presented to the commercial bank prior to payment of the respective income. Therefore, in these cases, the withholding tax has to be paid to the Mozambican tax authorities before the transfer to the non-resident entity is made.

The 20% withholding tax is normally considered as a provisional payment of the final tax due. However, when income is earned by non-residents without a permanent establishment in Mozambique, the 20% flat rate is final.

The IRPC is withheld at the flat rates of 10% or 20%, as detailed below:

Corporate Income Tax

INCOME SUBJECT TO 10% TAX

Telecommunications, international transportation services, as well as the assembly and installation of related equipment and the maintenance and freights of aircraft	10%
Transmission and distribution of electricity in rural areas, as part of public rural electrification projects	10%
Shares listed on the Mozambique Stock Exchange, with exceptions	10%
Income from chartering marine vessels to carry out fishing and cabotage activities	10%
Income from securities issued on the ESM (except interest on treasury bills and debt securities)	10%
Agricultural, livestock, aquaculture and urban transport activities until December 31, 2025	10%
Provision of services by non-resident entities to national agricultural companies until December 31, 2025.	10%

INCOME SUBJECT TO 20% TAX

- Intellectual or industrial property, including services related to know-how in industrial, commercial or scientific areas; use of equipment; capital and real estate income (including rental); remuneration of company statutory bodies;
- Gambling prizes, contests and raffles; contract intermediation; rendering of services.

The 20% withholding tax on income is normally considered a provisional payment of the final tax due, however, where the income is earned by non-residents without a permanent establishment in Mozambique, the 20% withholding tax is final.

EXEMPT INCOME

Interest on external financing intended for agricultural projects until December 31, 2025.

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INTERNATIONAL DOUBLE TAXATION AGREEMENTS

Income obtained by non-resident entities is subject to withholding tax (at rates between 10% and 20%). However, Mozambique has signed double tax treaties (DTA) with other countries and according to the articles of each DTA, the rate of taxation may vary according to the type of income and the country through which the services are provided, as shown in the table below:

Country	Dividends	Interest	Royalties	Capital Gains
Portugal	10%	10%	10%	0% *
Italy	15%	10%	10%	0%
Mauritius	8/ 10/ 15% **	8%	5%	0%
EAU	0%	0%	5%	0% *
South Africa	8/ 15% ***	8%	5%	0%
Macau	10%	10%	10%	0%
Vietnam	10%	10%	10%	0% *
Botswana	0/ 12% ****	10%	10%	0% *
Índia	7,5%	10%	10%	0% *

* If the shares sold are from a company whose value consists of more than 50% real estate, the capital gains are taxed in Mozambique.

** 8% for dividend payments by a subsidiary resident in Mozambique held 25% or more by its Mauritian parent company; 10% for dividend payments by a subsidiary held less than 25% in Mozambique to its Mauritian parent company; 15% in all other cases.

*** 8% for dividend payments by a Mozambique resident subsidiary 25% or more owned by its South African parent company; 15% in all other cases.

**** 0% for dividend payments by a 25% or more owned Mozambican subsidiary to its parent company in Botswana; 12% in all other cases.

Corporate Income Tax Rates

Corporate Income Tax Rates	
Standard rate	32%.
Dividends	20% withholding tax. Exempt if paid to another local company in which the shareholding is at least 20% for a period of at least 2 years.
Bank interest	20% withholding tax. No withholding tax if paid to a financial institution resident in national territory.
Royalties	20% withholding tax.
Taxes	No withholding tax.
Rentals	20% withholding tax. There is no withholding tax if obtained by real estate companies that manage their own assets.
FTZ operators and companies	Exemption in the first 10 years, 50% reduction in the general rate from the 11th to the 15th year, 25% reduction in the remaining years of the project.
FTZ Companies	Exemption in the first 5 years, 50% reduction in the general rate from the 6th to the 10th year, 25% reduction in the remaining years of the project.
EEZ Operators	Exemption in the first 5 years, 50% reduction in the general rate from the 6th to the 10th year, 25% reduction in the remaining years of the project.
ZEE Companies	Exemption in the first 3 years, 50% reduction in the general fee from the 4th to the 10th year, 25% reduction in the general fee from the 11th to the 15th year.

TRANSFER PRICING

The Council of Ministers approved transfer pricing legislation, published in Decree No. 70/2017 of December 6, 2017 , with the aim of correcting the effect of possible price manipulation between related entities.

Thus, transactions between these entities must be carried out under the same conditions that would apply between independent entities, that is, under market conditions.

The Tax Authorities can adjust the declared taxable income when a special relationship exists between the taxpayer and other entities, if any transactions between these parties are not carried out at arm's length and cause significant distortions to the result.

The regulation on this matter is in place and it is mandatory by law that the taxable person complies with its dictates. For payments to companies in low-tax jurisdictions, the authorities will need to make sure that the payment was genuine and reasonable.

Mozambican law provides that Transfer Pricing eligible companies must keep the specific documents organized and submit the Model 20, Annual Transfer Pricing Report, duly stamped and signed by the Mozambican tax authorities. It is our understanding that locally only the report is not sufficient to assess compliance with this transfer pricing tax obligation.

THIN CAPITALIZATION

Companies are subject to thin capitalization rules, provided that:

Where the indebtedness of a taxpayer to a related non-resident entity is twice the amount of the equity interest, and a special relationship exists between these two parties, then any excess interest paid is not deductible for purposes of determining taxable income. A special relationship exists between a resident entity and a non-resident entity under the thin capitalization rules when:

- The non-resident entity holds, directly or indirectly, at least 25% of the resident entity's share capital.
- The non-resident entity, holding less than 25%, exercises significant influence over the management of the resident entity.
- The two related parties are controlled by the same entity by virtue of a direct or indirect holding by that entity.

According to the amendments to the IRPC Code, interest and other forms of payment for loans granted by shareholders to a company, when exceeding the amount corresponding to the referenced rate plus two percentage points, are not deductible from taxable income.

Foreign Exchange Control

FOREIGN EXCHANGE REGULATION

The right of investors to repatriate capital, dividends and other distribution profits from approved foreign investment projects is guaranteed under the Investment Law.

Foreign investors are required to register all imports of goods or money with the Central Bank.

Resident entities are now allowed to hold funds in foreign currency.

Foreign Exchange Regulation

1 The Investment Project

- Foreign Direct Investment must register with the Central Bank.
- The right of investors to repatriate capital, dividends and other distribution profits from approved foreign investment projects is guaranteed under the Investment Law.
- Foreign investors are required to register all imports of goods or money with the Central Bank.

2 Foreign Loans

- Foreign loans from shareholders or third parties must be pre-approved and registered with the Central Bank.
- Interest rates on such foreign loans must be "reasonable" and must take into consideration transfer pricing policies.
- Normally, details of foreign loans and interest repayments should be included in the financial feasibility study submitted to the Investment Promotion Center (CPI) for approval.
- The receipt of funds under the loan must be registered with the Central Bank.

3 Repatriation of Capital, Dividends and Loan Repayments

- Repatriation of capital, dividends and repayment of loans is permitted provided that registration and the necessary pre-approvals are in place in accordance with the above.
- Financial statements must be audited by independent auditors to allow repatriation of dividends.

4 Pagamento de Facturas de Fornecedores Não-Residentes

- It is considered as a current transaction and is held at the commercial bank.
- For invoices older than one year, the commercial bank may face challenges in paying suppliers.

Value Added Tax

Value added tax (VAT) is charged at a rate of 16% on transactions of goods or services rendered in the national territory and on imports, (the entry of goods or services into the national territory).

The VAT is also charged at a reduced rate of 5% for the following transactions:

- The provision of medical and sanitary services and the operations closely related to them, carried out by private hospital establishments, clinics, dispensaries, and similar;
- The rendering of services that have teaching as their object, as well as the transfer of goods and the rendering of related services, when these are rendered by private establishments integrated within the National System of Education and recognized by the Ministry that oversees the area of Education;
- The provision of services which have as their object professional training, as well as the transmissions of goods and related services, such as the supply of lodging, food and education material, when performed by private entities;
- Services consisting of personal lessons on school or higher education subjects;
- For transactions subject to the reduced rate of VAT (5%), the value of the transfer of goods and services is the value of the consideration obtained or to be obtained from the purchaser, the recipient or a third party for these transactions.

Value Added Tax

Value added tax (VAT) is levied at a reduced rate of 5% for certain operations and at the general rate of 16% on transactions of goods or services performed within the national territory and on imports (the entry of goods or services into the national territory).

VAT RATE

- General rate of 16% and reduced rate of 5%.
- However, in some transactions the tax base may vary to the extent that it is less than 100%.

VAT REGIMES

- Normal VAT regime
- Zero-rated VAT regime
- Exemption regime
- Simplified regime

VAT DEDUCTION

- The deduction of VAT on suppliers' invoices must be made within 90 days and the requirements laid down by law must be met.

VAT CREDIT

- The VAT credit can be used to directly offset the VAT payable of future periods.
- VAT credits are to be considered according to the criterion of expiration.
- VAT credit can be refunded at the taxpayer's request.

Value Added Tax

VAT ON INVOICES* FROM NON-RESIDENT SUPPLIERS (VAT REVERSE CHARGE)

Services from non-resident entities are subject to VAT if they fall into the following categories:

- Copyrights
- Advertising services
- Telecommunications and service provision

INVOICES

According to the provision of the law, invoices must be issued within 5 days after the tax becomes due.

Invoices can be issued manually or generated through computerized means, as follows:

Computer-generated invoices must be issued by a system previously authorized by the Tax Authorities.

Copies of the invoices should be kept with the supplier of the services or goods.

CREDIT NOTES

Credit notes must be duly signed by the customers, acknowledging the credit.

Failure to comply with this provision above, the cancellation of the sale will be ignored, and the sale will continue to be taxed under VAT and Corporate Income Tax.

For the Services listed above, the acquirer of the services is automatically appointed as a tax substitute if the service provider does not have a tax representative. As a tax substitute, the acquirer of the services is obliged to account for the inherent VAT.

*The list is more extensive, which we can share further through our contacts.

Tax incentives in Mozambique

The Mozambican tax authorities offer tax incentives for inward investment projects that are registered with the CPI (Investment Promotion Center), and these projects can benefit from tax exemptions and incentives as indicated below:

GENERIC TAX INCENTIVE

1. Investment Tax Credit ("CFI")

Investments in most acquisitions of new tangible fixed assets used in operations under the Investment Act can be deducted from the tax payable by 5% to 10%.

2. Accelerated Depreciation

This refers to new real estate used in the activity of the companies authorized under the Fiscal Incentives Code. It will consist of a 50% increment to the normal rate set by law.

3. Modernization and Introduction of New Technologies

The amount invested in specialized equipment for development activities authorized under the Investment Act can benefit from a tax deduction up to a maximum of 10% of taxable income during the first 5 years.

4. Professional Training

Expenses relating to vocational training are deductible from taxable income during the first 5 years up to a maximum of 5% of taxable income. When the vocational training is for the use of technologically advanced equipment, the allowable income tax deduction is a maximum of 10% of taxable income.

5. Tax-deductible Expenses

110% ou 120 %, dependendo da província, do valor das despesas na construção e reabilitação de estradas, ferrovias, aeroportos, correio, telecomunicações, abastecimento de água, electricidade, escolas, hospitais e outras obras consideradas de utilidade pública, sujeitas a autorização prévia.

SPECIFIC TAX INCENTIVE

Creation of basic infrastructure – Projects of public utility – Exemption from payment of customs duties and VAT on the importation of goods classified as class "K" (capital goods) in the customs tariff, including the accompanying spare and accessory parts. Incentives regarding Corporate Income Tax (IRPC), namely:

- 80% reduction in the 32% IRPC rate during the first five fiscal years.
- 60% reduction in the IRPC rate from the 6th to the 10th year.
- 25% reduction in the IRPC rate from the 11th to the 15th year.

INCENTIVES UNDER THE MINING AND PETROLEUM LAW

Companies conducting mining operations in Mozambique can apply for the following benefits:

· A five-year exemption from customs duties on imports of equipment, apparatus, materials and spare parts for prospecting and exploration, mineral production and export of mineral resources (class K capital goods and comparable to class K).

· Tax stability clause can be negotiated for a period of 10 years. In this case, starting in the 11th year of production, an additional 2% will be due to the Production Tax.

PRODUCTION TAX

Production Tax is levied on the value of the quantity of mineral products extracted, concentrates and mineral water derived from a mining activity in Mozambican territory, regardless of the sale, export or other disposition of such mineral products.

The value of the product is based on last sale price or international market reference price, where there was no sale. The applicable rates are as shown in the following table:

Product	Rates
Diamonds	8%
Precious metals (gold, silver and platinum) and precious stones	6%
Semi-precious stones and heavy sands	6%
Base minerals, coal, ornamental rocks, and other mineral products	3%
Sand and stone	1.5%

All mining products used for the development of local industry benefit from a 50% reduction of the Product ion Tax rate.

The holder of the mining product license, in case of marketing of the mining product in the domestic market without proof of payment of Production Tax, is obliged to pay the corresponding tax.

- The export of the mining product is only allowed after payment of the Production Tax due.

SURFACE TAX

Surface Tax

The Surface Tax is an annual tax levied on the area of mining activity and in the case of mineral water is levied on the mining title.
This tax is payable by both holders and non-holders of mining titles who carry out mining activities in the national territory.
The Surface Tax is calculated based on the number of hectares of the area under license or per mining title, in the case of mineral water.
Taxpayers subject to the Surface Tax are exempt from the annual land use and exploitation fee with respect to the area of the mining title.

INCOME TAX

Companies, holders of mineral rights, granted under the mining law, must assess taxable income and organize their accounting records autonomously, which means that each mineral title must have a specific/individual tax registration number.

The following are considered as profits or gains derived from mining activity:

- Revenue from the sale or disposal of the product extracted from mining operations.
- Compensation received for any loss or destruction of mineral or mineral products and resulting from insurance or other source.
- Amounts received for the sale of information relating to mining activity or mining assets.

TAX – DEDUCTIBLE COST

The following are considered as costs and losses arising from mining activity:

- Treatment and processing of the mining product.
- Transportation costs to the delivery point.
- Resettlement of the populations, as approved by the person responsible for the mining activity in said sector.
- Vocational training of the Mozambican workers.
- Costs of signing the concession contract, with the exception of any bonus associated with the acquisition.
- Financial security provided in cash in the form of a bank guarantee or insurance and costs related to the closure of the mine.
- Mine closure.
- Other fiscally acceptable costs.

MINING TAX – WITHHOLDING TAX

A taxpayer who pays income to non-residents derived from mining-related services, regardless of where they are held, must withhold tax at a flat rate of 10% of the gross amount paid.

Tax on mining activity – Gains obtained by non-residents, with or without a permanent establishment, resulting from the onerous or gratuitous alienation of the mining title, are subject to 32% tax. When the beneficiary of the income is a non-resident without a permanent establishment, the acquirer is jointly and severally liable for the payment of the tax.

The companies' tax and accounting declarations must be filed separately for each mining title, and it is not permitted to offset losses assessed in a given mine or concession agreement area against gains assessed in another area.

IRRM – INCOME TAX

The Mining Resource Rent Tax (MRRT) is a direct tax on the net cash flow of a mining project. The tax is payable by mining title holders and is applicable to mining projects that have accrued net revenues (cash earnings) during a fiscal year.

A new tax called the Mining Resource Rent Tax (MRRT) has been introduced, which is a direct tax on the net cash flow of a mining project from the time these developments exceed a pre-tax rate of return of 18%. The tax is payable by mining titleholders and is applicable to mining projects that have accrued net revenues (cash earnings) during a fiscal year.

The tax rate for the IRRM is 20%.

The taxpayer must file the annual return for the IRRM on the same date as the annual return for the IRPC.

- The taxpayer must file the annual declaration for the IRRM on the same date as the annual declaration for the IRPC.
- The taxpayer must keep detailed records of assets in use in its mining records in accordance with applicable law.
- Mining activities are also subject to other general taxes (i.e. corporate income tax, VAT, etc.).

PRODUCTION TAX

The Petroleum Production Tax is levied on the value of the quantity of petroleum products extracted within Mozambican territory. The value of the oil produced is based on the average balanced prices sold by the producer and its contractors in the month in which the production tax takes place. The rates are:

- Crude oil: 10%.
- Natural gas: 6%.

Companies, holders of petroleum rights, granted under the petroleum law, must assess taxable income and organize their accounting records autonomously (meaning that each concession contract must have a specific/individual tax registration number).

Taxes specific to mining and petroleum activities are not accepted as costs for tax purposes.

Under the new Law, there is a 50% reduction of the above taxes when oil and gas production is designated for use by local industry.

INCOME TAX

Petroleum exploration activities are also subject to other general taxes (i.e. corporate income tax, VAT, personal income tax).

Capital gains from the direct or indirect sale of oil and gas rights are taxable for IRPC purposes.

When the beneficiary of the income is non-resident, without a permanent establishment, the acquirer is jointly and severally liable for the payment of the tax.

When capital gains are obtained by a non-resident, with or without a permanent establishment, they are taxed at 32%.

Companies, under the terms of the oil and gas law, benefit, for a period of five years from the date of approval of the development plan, from exemption from customs duties due on the importation of equipment for use in petroleum operations, as classified in Class "K" of the Customs Tariff.

TAX – DEDUCTIBLE COST

The following costs will be tax deductible:

- Operating costs (including handling of collection , storage and transportation of Petroleum from the oil depot to the point of delivery).Costs related to the signing of the Concession Contract (except acquisition bonuses).
- Service costs related to petroleum operations.
- Costs related to the training of Mozambican employees.
- Cash contributions to the fund for closure and decommissioning and demobilization costs.
- General and administrative expenses capped at a percentage of total costs incurred ranging from 1.5% to 5%, depending on the level of costs incurred.

DEPRECIATIONS AND REINTEGRATIONS

The concession holder must reintegrate and amortize all depreciable elements of the tangible and intangible assets, according to the rates indicated below:

Type of Activity	Rates
Research and evaluation expenses	100%
Development Expenses	25%
Petroleum production activities	25%
Petroleum production assets	10%
Premiums paid for the acquisition of participation in a CCPPP	10%
Other assets	10%

Bilateral Investment Treaties (BITs)

Mozambique has signed bilateral Investment Agreements with 28 countries:

Description	Status	Country	Signature date	Effective Date
Mozambique – Turkey BIT (2017)	Signed (not in effect)	Turkey	24/01/2017	
Mozambique – Singapore BIT (2016)	Signed (not in effect)	Singapore	24/08/2016	
Angola – Mozambique ILO (2015)	Signed (not in effect)	Angola	09/11/2015	
Brazil – Mozambique ILO (2015)	Signed (not in effect)	Brazil	30/03/2015	
Japan – Mozambique BIT (2013)	In force	Japan	01/06/2013	29/08/2014
India – Mozambique ILO (2009)	Terminated	India	19/02/2009	23/09/2009
Mozambique – Vietnam BIT (2007)	In force	Vietnam	16/01/2007	29/05/2007
Belgo-Luxembourg Economic Union – Mozambique ILO (2006)	In force	Belgo Luxemburg Economic Union	18/07/2006	01/09/2009
Finland – Mozambique ILO (2004)	In force	Finland	03/09/2004	21/09/2005
Mozambique – United Kingdom ILO (2004)	In force	United Kingdom	18/03/2004	12/05/2004
Mozambique – United Arab Emirates ILO (2003)	Signed (not in effect)	United Arab Emirates	24/09/2003	
Mozambique – Switzerland ILO (2002)	In force	Switzerland	29/11/2002	17/02/2004
France – Mozambique BIT (2002)	In force	France	15/11/2002	06/07/2006

Bilateral Investment Treaties (BITs)

Description	Status	Country	Signature date	Effective Date
Denmark – Mozambique BIT (2002)	In force	Denmark	12/10/2002	30/12/2002
Germany – Mozambique BIT (2002)	In force	Germany	06/03/2002	15/09/2007
Mozambique – Holland BIT (2001)	In force	Holland	18/12/2001	01/09/2004
Mozambique – Sweden BIT (2001)	In force	Sweden	23/10/2001	01/11/2007
Cuba – Mozambique BIT (2001)	In force	Cuba	20/10/2001	26/02/2002
China – Mozambique BIT (2001)	In force	China	10/07/2001	26/02/2002
Indonesia – Mozambique BIT (1999)	In force	Indonesia	26/03/1999	25/07/2000
Italy – Mozambique BIT (1998)	In force	Italy	14/12/1998	17/11/2003
Algeria – Mozambique BIT (1998)	In force	Algeria	12/12/1998	25/07/2000
Egypt – Mozambique BIT (1998)	Signed (not in effect)	Egypt	08/12/1998	
Mozambique – United States of America BIT (1998)	In force	United States of America	01/12/1998	03/03/2005
Mozambique – South Africa BIT (1997)	Signed (not in effect)	South Africa	06/05/1997	
Mauritius – Mozambique BIT (1997)	In force	Mauritius	14/02/1997	26/05/2003
Mozambique – Portugal BIT (1996)	In force	Portugal	28/05/1996	31/10/1998
Mozambique – Zimbabwe BIT (1990)	Signed (not in effect)	Zimbabwe	12/09/1990	

Other Tax Liabilities

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1	Real Estate Transfer Tax (SISA)	– SISA is levied on the transfer of real estate located in Mozambique, purchase options, and long-term leases and subleases. The rate is 2% (10% if the acquiring entity or its shareholders are residents of a tax haven), and some local municipal taxes may also apply, depending on the location of the property.
2	Municipal Vehicle Tax	– The taxpayers of the Municipal Vehicle Tax are the owners of the vehicles. The Municipal Vehicle Tax is annual and for light vehicles the tax can vary between 50 MZN and 4,400 MZN, depending on the specific type of vehicle.
3	Municipal Personal Tax	– Municipal Personal Tax is levied on all national and foreign residents (with tax domicile) in the respective municipality, aged between 18 and 60.The amount of the Municipal Personal Tax in force annually in each municipality is calculated by applying the rates to the highest national minimum wage on June 30 of the previous year, according to the classification of the Municipalities. The rates can vary between 1% and 4%.
4	Expatriates and work permits	Under the Labor regime, foreign workers are approved to be hired by Mozambican companies under the following circumstances : – The company has an Investment Authorization that establishes in advance the number of foreign workers it will need. – When the company employs at least 100 Mozambican workers, it can hire up to 5% of its workforce as foreigners. – When the company employs between 11 and 100 Mozambican workers, it can hire up to 8% of its workforce as foreigners. – When the company employs up to 10 Mozambican workers, it can hire up to 10% of its workforce as foreigners.

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