

NEW PRIVATE INVESTMENT LAW

NEWSLETTER
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A new regime for private investment in Angola was published on 26 June 2018 through Law no. 10/18 of 26 June (PIL).

This law introduces a number of significant changes to the previous regime approved in 2015 by Law no. 14/15 of 11 August, which has been repealed.

The new PIL is applicable to both domestic and foreign investments, which can take the form of internal, external or mixed investments.

The new Private Investment Law (PIL), Law 10/18, was published on 26 June 2018.

FOREIGN INVESTMENTS

Regarding foreign investments, the most noteworthy changes introduced by the new PIL can be summarized as follows:

- The investment may be implemented through the conversion of receivables arising from previous supply contracts of machinery, equipment and goods, provided that the monies owed would be eligible for repatriation under the contracts.
- Branches are once again allowed as a means of implementing the foreign investment.
- There is no longer an obligation to establish local partnerships for specific sectors of activity has been, which will enable foreign investors to invest in any market sector without the need for local partnerships, except when such obligation is expressly foreseen in specific regulations.

Unlike the previous law, under which only foreign investment projects of an amount equal or greater than one million dollars could benefit from tax benefits, the new PIL establishes that all investors are eligible for such benefits, irrespective of the amount of their investment.

These benefits will from now on be granted on the basis of the following factors: (i) priority sectors of activity, which include, among others, education, agriculture, hotels, construction; and (ii) the implementation zone of the project, as this new law divides the country into four different zones (zones A, B, C and D).

TWO ALTERNATIVE INVESTMENT REGIMES

Another relevant change is the creation of two alternative investment regimes: (i) the Prior Declaration Regime; and (ii) the Special Regime. Investors will be free to decide which of the

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investment schemes they wish to follow, depending on the investment that they make.

The Prior Declaration Regime is the general regime, under which an investment proposal is required to be submitted for registration with the relevant public agency and to apply for the grant of the benefits foreseen in the PIL.

Under this regime, companies must be incorporated in advance and are not required to submit a Private Investment Certificate (CRIP) at the time of incorporation. In terms of benefits, in addition to the right of repatriation of profits and dividends, the PIL foresees a set of automatic benefits and facilities such as (i) a 50% reduction of the Real Estate Tax rate for certain properties, (ii) a 20% reduction in the provisional and final liquidation of the Corporate Tax rate for a period of 2 years (iii) a 25% reduction of the Capital Gains Tax rate on the distribution of profits or dividends, for a period and 2 years, or (iv) a 50% reduction of the Stamp Tax rate for a period of 2 years.

The Special Regime is applicable to investments to be made in the priority sectors listed in the PIL. Investment projects under the Special Regime are also subject to registration with the relevant public agency for the purpose of granting benefits.

The benefits under this regime are more favorable but may vary depending on the Investment Implementation Zone in which the investment is made. In addition, the Special Regime also exempts investors from the payment of official fees due for any service requested from any public entity, including customs services, for a period not exceeding 5 years.

It should be noted that the specific procedures which will define the submission of investment proposals under the new PIL are yet to be regulated in a regulation that is expected to be published shortly.

CONCLUSION

In conclusion, we can say that the new PIL has introduced a number of changes to the investment regime in Angola and evidences a clear effort of the government to simplify, promote and speed up investments in Angola. We look forward in anticipation to how the bureaucratic mechanisms required to be complied with under this law will be implemented and put into practice by the relevant government authorities, in the hope that the ultimate aims of the law will indeed be achieved.

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