Country Guide
Angola

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GUIDE TO DOING BUSINESS IN ANGOLA

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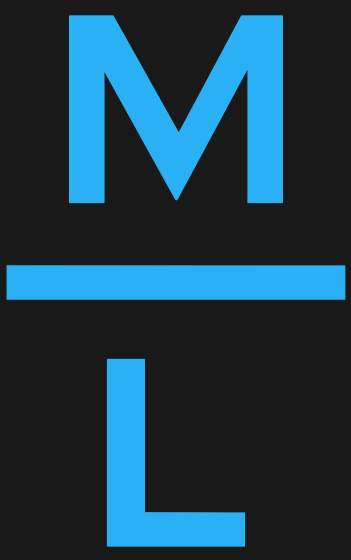

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Doing Business Angola was jointly prepared by Morais Leitão, Galvão Teles, Soares da Silva & Associados, Sociedade de Advogados, R.L. (Morais Leitão) and by ALC Advogados (ALC) in the context of the Morais Leitão Legal Circle.

Morais Leitão Legal Circle is a network of law firms in various jurisdictions, based on shared values and common operating principles, created for the purpose of providing the highest quality legal services through its offices in Angola, Cape Verde, Mozambique and Singapore, as well as in Portugal. All offices are independent and leaders in their jurisdictions and provide, through the partnerships established, legal services geared to meeting the needs of their clients, with a guarantee of quality and professionalism in all these jurisdictions.

Morais Leitão has dedicated internal teams of lawyers able to advise clients on international transactions, particularly in matters involving or relating to the jurisdictions of the Portuguese-speaking African countries. They work closely with the firms that are part of the Morais Leitão Legal Circle.

ALC, a member of the Morais Leitão Legal Circle in Angola, was founded by a group of Angolan lawyers whose aim and ambition was to become a center of excellence and one of the country's leading law firms.

Doing Business Angola, intended for informational purposes only, seeks to provide a brief description of several aspects of Angolan legislation that may be relevant to clients of Morais Leitão and ALC, and to other parties potentially interested in some areas of the Angolan legal system. It does not therefore intend to be, nor should it be, construed as legal advice on any of the matters addressed.

1. INTRODUCTORY CHAPTER

The Government led by the new President João Lourenço (elected in 2017 and reelected in 2022) has sought to promote political and legislative changes in order to make Angola an attractive country for foreign investment and to improve the 2020 ranking in the World Bank's Doing Business rankings (Angola was ranked 177th of 190 countries). In recent years, a number of new laws and regulations have been passed which have introduced important changes in the Oil & Gas sector and set new rules for foreign investment. It is also important to highlight the enactment of a value added tax code and of Angola's first competition law, which in our view marks a change in the economic model, both as regards revenue collection via taxes and the supervision of competition in Angola.

The facilitation of the foreign investment regime and the approval of a competition law have also been adopted by the executive as fundamental measures to increase transparency and attract foreign investors to invest in Angola with a view to the desired "diversification of the economy" and consequent reduction of the weight of hydrocarbon production in the composition of national GDP. In this respect, reference should also be made to the ambitious privatization program approved in 2023 – PROPRIV. The Privatization Program's new timetable for the period 2023-2026 includes assets and companies, 21 of which are National Reference Companies. In 2023 the privatization of 62 assets has begun and that of 11 assets will start in 2024. Seven assets will be privatized via the stock exchange.

Based on official data made available by the World Bank, in the first quarter of 2023, the Angolan economy expanded 0.3% year-on-year. With higher oil prices, the local currency appreciated 26.2% in 2022. But, once oil prices began to fall, Angolan Kwanza has started an unprecedented depreciation path. Between mid-May and end-June 2023, the Angolan Kwanza depreciated around 40% against the US Dollar due to lower supply of foreign currency by the Angolan Central Bank, resulting from lower oil revenues.

However, due to reforms in the oil sector – Angola remains a leading producer in the African context – have been widely praised and many experts have argued that the Angolan industry is prepared to face a crisis. One of the most recent developments

is Angola's decision to leave the Organisation of Petroleum Exporting Countries (OPEC), approved by Presidential Decree no. 233/12, of December 21, with effect from January 2024. Angola's decision to leave OPEC is seen as a demonstration of the country's autonomy within the sector, since it was motivated by OPEC+'s decision to cut its output quota for 2024.

The years to come will therefore be critical to the consolidation of the policies deemed fundamental for Angola to achieve the potential that the international community hoped would occur in the post-war period.

2. GENERAL FRAMEWORK FOR FOREIGN PRIVATE INVESTMENT

The general framework for private investment in Angola was recently amended with the entry into force on June 22 2021, of the new Private Investment Law (PIL) (approved by Act no. 10/21, of April 22), which amended Act no. 10/15, of June 26.

This framework does not apply to previously approved private investment projects, unless private investors expressly require it.

The PIL sets out the principles and general basis for private investment in the Republic of Angola and establishes the benefits and incentives that the Angolan State grants to private investors and the criteria for access thereto. It also establishes the rights, duties and guarantees of private investors, providing for the existence of special investment regimes to be governed by specific legislation and therefore excluded from its.

While in the past partnerships with Angolan citizens or companies, which had to have an active role in the management of investment projects, were mandatory, such partnerships are now optional. Nonetheless, there are sectors whose specific legislation establishes local content rules.

The PIL defines "private investment" as the "use of resources by private companies, whether national or foreign, through the allocation of capital, technology and know-how, equipment goods and other items for the maintenance or increase of the capital stock".

2.1. External private investment

2.1.1. External private investment

The PIL provides for three types of investment: internal investment, external investment and a combination of both, mixed investment.

Private investment is deemed external investment when the implementation of the respective project is carried out "by means of the use of capital held by non-exchange residents", including "monetary assets", together with "technology and know-how of equipment goods and others". Contrary to what happens in internal investment, an external investor has the right to transfer profits and dividends abroad.

Examples of external investment operations carried out with resources from abroad include, among others, the introduction into national territory of freely convertible currency, the acquisition of shares in commercial companies incorporated in Angola and the introduction of machinery, equipment and other tangible fixed assets.

This investment may be made in particular through the transfer of own funds from abroad, and/or the transfer of machinery, equipment, accessories and other tangible fixed assets.

The PIL provides for two limits that an external investor should consider: *(i)* shareholder loans made for external investment purposes cannot exceed 30% of the value of the investment made by an incorporated company (such loans may only be reimbursed three years pursuant to the date of registration in the company's accounts); and *(ii)* indirect investments should not exceed an amount corresponding to 50% of the total value of the investment.

Indirect investment is defined broadly as investment which, not being direct investment, comprises, individually or cumulatively, capital flows and other financial instruments (acquisition of shares, public debt securities, loans, shareholder loans, franchises, etc.).

2.1.2. Repatriation of capital

Following the payment of any taxes due and the creating of mandatory reserves, an external investor has the right to transfer profits and dividends abroad, together with any her amounts related to the investment made by them (liquidation of ventures, royalties, compensation owed to them, among others).

The exchange rules governing the repatriation of dividends are found in BNA Order no. 11/2021, of December 2. This instrument aims to define the procedures for

carrying out foreign investment operations and repatriation of capital by foreign exchange non-residents.

To ensure repatriation, the relevant parties have to comply with the procedures set out in the said BNA Order. This allows repatriation of income relating to *(i)* foreign investments, *(ii)* repayment of shareholder loans and other shareholder benefits, *(iii)* the proceeds of sale or dissolution of a foreign investment, and *(iv)* the proceeds of sale or maturity of investment in securities and derivatives.

In summary, the transfer of dividends is done exclusively at a commercial bank level and does not require any type of prior licensing from the BNA or any other public body.

Finally, it is important to note the occasional existence of practical constraints on the repatriation of capital (without prejudice to the right to this repatriation being maintained), notably due to shortages of foreign currency in Angola.

2.2. Process for approving private investment projects

The PIL includes three investment regimes: the prior declaration, special and contractual regimes.

The procedures associated with both the prior declaration and special regimes are characterized by the simple presentation of an investment proposal to AIPEX, for the purpose of registering the project and granting the benefits pursuant to the PIL.

In turn, The Contractual Regime requires entering into an Investment Contract with the Angolan Government and allows investors to negotiate the conditions for the implementation of their investment projects with the State, including *tailor-made* tax regimes applicable exclusively to their private investment projects.

This special regime is reserved for private investment in priority activity sectors and in development areas. Priority activity sectors correspond to the market segments in which the Angolan lawmaker has identified potential for replacement of imports or for the boosting and diversification of the economy, including exports. The list established in the PIL's secondary legislation includes, among others,

education, agribusiness, hospitality, tourism and leisure, construction, public works, telecommunications and information technology, production and distribution of power, basic sanitation, and collection and treatment of solid waste.

Not all investment projects are eligible for the Contractual Regime. To be eligible projects must meet the following requirements: *(i)* the investment exceeds USD 10,000,000.00 (ten million dollars); and *(ii)* the investor/the project creates at least 50 direct jobs for Angolan nationals. Projects of structural significance that create at least 50 direct jobs, regardless of the investment amount, may also be subject to the contractual investment regime (subject to AIPEX/the Angolan Government's approval).

Presidential Decree no. 250/18, of October 30, which approved the Regulation of the Private Investment Law (*Regulamento da Lei do Investimento Privado*), as amended by Presidential Decree no. 271/21, of November 16, includes additional rules regarding the procedure for registering private investment.

2.3. Rights and duties of the investor

2.3.1. Rights and guarantees of the investor

As regards general principles, private investment policy and the provision of benefits and incentives must respect the principles and objectives of national economic policy, private property and other rights *in rem*, market rules (based on sound competition, morality and ethics among economic agents), freedom of economic and business initiatives, with the exception of those areas which are reserved for the State (pursuant to the Constitution and law), security and investment protection, free movement of goods and capital, and bilateral and multilateral agreements and treaties.

Investors are also guaranteed, among other things:

- the rights deriving from ownership of the resources they invest in, "namely the right to freely dispose of them, in accordance with the law, without disturbing third parties, including the State";

- access to Angolan courts, together with alternative methods of dispute resolution;
- the payment of fair and prompt compensation, in the case of expropriation or requisition of the assets contained in an investment project, to be calculated in accordance with Angolan law;
- intellectual property rights;
- no public interference in the management of private companies except in cases expressly provided for by law;
- non-cancellation of licenses or authorizations without the competent judicial or administrative proceedings;
- the right to import goods from abroad for the execution of their projects and to export goods, whether produced by them or not, without prejudice to the rules for the protection of the internal market established by law;
- the already mentioned right to transfer profits and dividends abroad, after duly proven execution of a project.

2.3.2. Duties of the investor

The PIL imposes general duties (such as observing the applicable laws and regulations in Angola) and specific duties on private investors. Among the specific duties, we list the following examples:

- observe the deadlines established for the import of capital and for the implementation of a project, in accordance with the commitments made;
- pay taxes, fees and all other legally due contributions;
- respect the rules on the protection of the environment;
- respect the rules on hygiene, safety and security at work and other issues provided for in labor law;

- contract and keep up-to-date insurance against work accidents and occupational diseases of employees;

- contract and keep up-to-date civil liability insurance policies for damages caused to third parties or the environment.

3. MAIN LEGAL TYPES OF COMMERCIAL ESTABLISHMENT

3.1. Limited Liability Companies

3.1.1. Types, incorporation and registration processes

The legal regime applicable to conducting businesses in Angolan territory is defined by the Commercial Companies Act (*Lei das Sociedades Comerciais*/LSC), approved by Act no. 1/04, of February 13, as amended by Act no. 11/15, of June 17 (which approves the Law on simplification of the incorporation processes of Commercial Companies or "Simplification Law"), and by Act no. 22/15, of August 31 (which approves the Securities Code).

The LSC enshrines three types of Unlimited Liability Companies (partnerships, limited partnerships and limited partnerships with a share capital) and two types of Limited Liability Companies (Limited Liability Companies and Stock Companies, both with the possibility of being a Single-member Company type, *i.e.*, companies in which aa sole shareholder, a natural or legal person, holds the totality of the Share Capital).

The choice of company type depends on the weighting of factors such as higher or lower structural or functioning simplicity, the amount of capital to be invested and matters of confidentiality regarding the ownership of the share capital.

Although, as a rule, there are no limitations to the nationality of the participants in a commercial company structure, it should be noted that there is special legislation in some sectors of activity (such as telecommunications, fishing or diamond extraction), which requires there to be a majority of Angolan shareholders in such companies.

PRIVATE LIMITED COMPANIES

Traditionally used as small and medium investment vehicles, private limited companies (*sociedades por quotas*/SQ) often have a family structure.

Number of shareholders – private limited companies must have a minimum of two shareholders (except in the case of a single-shareholder company).

Corporate name – must consist of the name or the corporate name of one or more of its shareholders, or of a particular business name, or even of the combination of two of those two elements, and be followed, in all cases, by the expression "*Limitada*" or "Lda.". In the case of single-shareholder companies, the expression "*sociedade unipessoal*, *unipessoal*" or even the abbreviation "S.U." must be added to the corporate name before the expression "*Limitada*" or "Lda.".

Share capital – currently the share capital of a private limited company is freely fixed in the by-laws and corresponds to the value of the "*quotas*" subscribed by the share- holders (Article 221 of LSC as amended by Article 6 of the Simplification Act). Industry contributions are not allowed.

Quotas – the share capital is divided into participations called quotas. The par value of each quota can vary but may not be less than AOA 1. In the formation of a company, each shareholder holds one quota corresponding to the value of his capital contribution. Quotas are always nominative (that is, the identity of their holders must always be stated in specific corporate documents such as the articles of association, company registration, etc.).

Transfer of quotas – currently the transfer of quotas *inter vivos* must be set out in a private document with on-site signature recognition and is subject to registration at the territorially competent Commercial Registry Office (Article 251 of LSC as amended by the Simplification Act). Unless otherwise provided in the company by-laws, the transfer of quotas between shareholders, and between them and their spouses, ascendants or descendants, is free. Apart from these cases, and unless otherwise provided in the company's by-laws, the transfer of quotas does not take effect for a company until such time as it gives its consent.

Asset liability – payment of the debts of a company is only covered by its assets and net worth, save in cases of additional liability of the shareholders specifically established in the articles of association.

Governing bodies – general meeting (decision-making) and management (board of directors). A supervisory board, to which the legislation regulating public limited companies applies, is optional in this type of company.

All shareholders participate in the general meeting. Unless otherwise provided for by law or the articles of association, resolutions are taken by simple majority of votes cast, not counting abstentions. Each portion of a quota equivalent to one kwanza cent gives the right to one vote.

The management comprises one or more managers, who must be natural persons with full legal capacity, although they need not be shareholders of the company.

Managers remain in office until they: *(i)* finish their term of office (when the articles of association or the act of appointment fix the duration of the mandate); *(ii)* are dismissed, in accordance with the law; or *(iii)* resign.

Profits: unless otherwise provided for by the articles of association or a resolution passed by a majority of ¾ of the votes corresponding to the share capital, the company must distribute annually at least half of its distributable profits to its shareholders.

Legal reserve: company law imposes the constitution of a legal reserve of no less than 30% of the share capital. Notwithstanding the above, the articles of association may define a higher minimums.

PUBLIC LIMITED COMPANIES

This type of company is generally chosen by larger companies. Despite involving a more complex structure than a private limited company, a public limited company ("*sociedade anónima*"/S.A.) allows greater flexibility to its shareholders, in particular in that the transfer of shares is not subject to any special form.

Number of shareholders – an S.A. must have, as a general rule, a minimum of five shareholders, which may be natural or corporate persons (one shareholder is, however, sufficient in single shareholder public limited companies). Where the share capital is mostly held by the State, State-owned companies or similar, the minimum number of shareholders is two.

Corporate name – must consist of the name or corporate name of one or more of its shareholders, or of a particular business name, or even a combination of two of those two elements, and end, in all cases, with the expression "*Sociedade Anónima*" or S.A.

In the case of single-shareholder companies, the expression "*sociedade unipessoal*", "*unipessoal*" or even the abbreviation S.U. must be added to the corporate name before the expression "*Sociedade Anónima*" or S.A.

Share capital – to set up an S.A., the law requires a minimum share capital in an amount in kwanzas equivalent to USD 20,000. The share capital is represented by shares and industry contributions are not allowed.

Shares – the share capital is represented by shares, and all must have the same par value, which can be no less than the equivalent of USD 5 expressed in kwanzas. Although the law allows for the existence of both certificated and dematerialized shares, in practice only certificated shares are found, which may take the shape of nominative or bearer shares.

Transfer of shares – the transfer of shares is not subject to any special form and depends on the type of shares issued by the company. In the case of bearer shares, the transfer involves simple physical delivery of the share certificate to the transferee. In the case of nominative shares, the transfer takes the form of a written statement of transfer signed by the transferor on the respective share certificate (the transferor's signature must be notarized), registration of ownership on the share certificate and subsequent registration of the transfer in the share register book of the company. The articles of association may provide for pre-emptive rights for existing shareholders, together with limits to the transfer of shares.

Asset liability – the liability of each shareholder is limited to the value of the shares he/she has subscribed. Furthermore, the claims of creditors are limited to the assets of the company.

Governing bodies – general meeting (deliberative), the board of directors (the management body) and the supervisory board or single auditor (supervisory body).

The general meeting involves the participation of any shareholders entitled to at least one vote. Unless otherwise provided for by law or the articles of association, resolutions of the general meeting must be passed by an absolute majority of the votes cast, regardless of the share capital present or represented, with abstentions not being counted.

The board of directors comprises an odd number of members fixed by the articles of association. The directors are appointed in the deed of incorporation or by resolution of the shareholders.

As a rule, the supervision of a company is conducted by a supervisory board comprising three or five members and two alternates, appointed in the deed of incorporation or by resolution of the shareholders.

The articles of association may determine that the management of a company is to be undertaken by a single director and that the supervision is to be conducted by a single auditor, provided certain requirements established by law are met.

Profits – unless otherwise provided for by the articles of association or a resolution passed by a majority of ¾ of the votes corresponding to the share capital, a company must distribute annually to its shareholders at least half of the distributable profits.

Legal reserve – company law provides that an amount equal to no less than one-twentieth of the company's net profits must be allocated to the creation of a legal reserve, until such reserve represents one-fifth of the company's share capital. Notwithstanding the above, the articles of association may define higher minimums.

3.1.2. Common aspects

Irrespective of the type of company, the incorporation process in Angola is fairly simple and fast, consisting mainly of the following formalities:

- obtaining a certificate of admissibility of the company name to be submitted to the Central Company Name Register (*Ficheiro Central de Denominações Sociais*), at the Ministry of Justice;

- drafting of the articles of association, which must include, *inter alia*, the following elements: the full identification of the founding shareholders, the type of company, the company name, the corporate object, the registered office and the share capital, significant aspects concerning the governing bodies and other matters considered important by the shareholders;

- deposit of the share capital in a bank account opened in the name of the company to be incorporated at a banking institution in Angola. According to the amendments entered by the Simplification Act, the contributions to share capital may now be subscribed until the end of the first economic year counting from the date of final registry of the by-laws, with the agreement of the shareholders. The subscription of the capital contributions in cash can be verified via the deposit receipt or by any other corroborative means, or, as an alternative, the shareholders may choose to state, under their own responsibility, that they "commit to subscribe the capital contributions until the end of the first economic year" (our translation). As a rule, the share capital deposited may only be used after registration of the company;

- approval of the company's by-laws through the execution of a private document with on-site signature recognition, using the template approved by the Directorate-General of Registry and Notary Services (*Director Nacional dos Registos e do Notariado*), as established in the Simplification Act, which exempts from the execution of a public deed for the incorporation of companies (as a rule, the members of the governing bodies are appointed at the time of incorporation of the company);

- registration of the company with the tax authorities and obtaining the taxpayer number;

- registration of the company's incorporation at the territorially-competent Commercial Registry Office;

- publication of the company's incorporation in the Official Gazette (*Diário da República*) or on the *Guiché Único da Empresa*'s website (as the case may be);

- registration of the company and its employees with Social Security;

- licensing of the company's business – as a rule business enterprises are subject to administrative licensing of general trade and provision of commercial services activity at the Ministry of Commerce; such licensing is confirmed through the issuance of a business permit. There may be other formalities depending on the specific business to be carried out by the company (industrial or other);

- obtaining of an import/export license – companies wishing to perform import or export operations must be properly licensed and authorized, the licensing process taking place at the Ministry of Commerce;

- companies aiming to be incorporated through a private investment project under the Private Investment Act (no matter whether the choice is of either the prior declaration, special or contractual regimes) are also subject to the above-mentioned process;

- the entire process of incorporation can be carried out at the One-Stop Shop for Business (*Guiché Único da Empresa*), an administrative structure that provides the various services in a single place (notary, company registration, tax authority, etc.). Nevertheless, the licensing of a company's business is the only incorporation act that cannot be accomplished at the One-Stop Shop for Business. It is also possible to deal with the process of incorporation of companies at the Integrated Citizen Care Service (*Serviço Integrado de Atendimento ao Cidadão*/SIAC);

- the Simplification Act foresees a special procedure for immediate incorporation of companies, and also the possibility of promoting commercial registry acts and requesting a company's registration certificate online through a site on the Internet to be created.

3.2. Forms of local representation

In its list of external investment operations the Private Investment Act includes the "creation of subsidiaries, branches or other forms of representation of foreign companies" (our translation).

3.2.1. Branches

In Angola, a branch is the most common form of representation of a company incorporated under foreign law, as it allows the foreign investor to perform commercial activities in Angola under the same terms as an Angolan company.

A branch is considered a non-autonomous legal entity within its parent company and a local extension thereof.

The parent company of a branch is thus, as a rule, held unlimitedly liable for any obligations attributable to the branch.

Although a branch does not have a legal personality of its own, it has a juridical personality and can sue and be sued in court. Branches have no governing bodies or representative bodies of their own, and their management is entrusted to an attorney whose powers arise from a power-of-attorney executed by the parent company.

The procedure for the creation of a branch in Angola is similar to that for the incorporation of a commercial company, with the same characteristics.

3.2.2. Representative offices

A foreign company may simply choose to create a representative office, a form of representation without the legal capacity to perform business acts, whose purpose is to look after the interests of the principal company, by accompanying and assisting the business to be carried out in Angola. A Representative Office is limited to the simple representation on behalf and for the account of the foreign entity represented. For this purpose, it may provide assistance and follow up the business performed by that entity in Angola.

Representative offices also cannot carry out any investments in Angola, notably the acquisition of shares or parts of the capital of another company.

Decree no. 7/90, of March 24, has been repealed by Presidential Decree no. 146/21, of July 2, that regulates the activity of Representative Offices of Non-Resident Foreign Companies, which brings relevant changes.

4. FOREIGN EXCHANGE LEGISLATION

Throughout the investment process, and also in the subsequent business activity, one must bear in mind Angolan foreign-exchange policy, governed by a set of laws and regulations that define the procedures for the import and export of capital.

Act no. 5/97, of June 27 (Foreign Exchange Law/*Lei Cambial*), governs commercial and financial transactions with an actual or potential impact on the balance of payments of Angola and applies to capital transactions and foreign-exchange trading. The National Bank of Angola (*Banco Nacional de Angola*/BNA) is the foreign-exchange authority of Angola, and it may delegate its powers to other entities.

In applying the Exchange Law, it is essential to make a distinction between forex residents and forex non-residents, and what foreign-currency transactions are allowed within its scope. The Foreign Exchange Law determines who is considered a forex resident or non-resident, in accordance with criteria based on habitual residence and location of the registered office. For these purposes and in accordance with the legislation applicable to foreigners in the Republic of Angola (*Regime Jurídico dos Estrangeiros na República de Angola*, Act no. 13/19, of May 23), a work permit does not entitle its bearer to settle in national territory, so that only foreign citizens who hold a residence permit can be considered forex residents in Angola.

4.1. Foreign-exchange transactions

The Foreign Exchange Law applies: *(i)* to the acquisition or disposal of gold as coin, bars or in any unworked form; *(ii)* to the acquisition or sale of foreign currency; *(iii)* to opening and using foreign-currency accounts in the country by residents or non-residents; *(iv)* to opening and using accounts in domestic currency in the country by residents or non-residents; and *(v)* to the settlement of any transactions involving goods, current invisibles or capital.

4.1.1. Current invisible operations

According to the law, the current invisible items in trade operations are considered to be any current account transactions that are not of goods or capital made from Angola to outside Angola and/or between residents and non-residents.

In accordance with the existing foreign-exchange legislation, the financial intermediation principle prevails and, therefore, current invisible operations can only be executed through a financial institution duly authorized by BNA to carry out foreign-exchange trade.

The BNA makes a distinction between current invisible operations depending on the legal nature of their respective transferors. Current invisible operations ordered by individuals are currently ruled by BNA Order no. 3/23, of March 3, whereas the same operations ordered by corporate entities follow the procedures provided under BNA Order no. 2/2020, of January 9.

Under BNA Order no. 3/23, aimed at banking institutions and individuals who are more than 18 years old, the sale of foreign currency to a client or the debiting of a client's account with own funds in foreign currency, to cover a current invisibles, commodities, capital or financial transaction – an FX Operation – is exempt from any licensing by the BNA. Notwithstanding, banking financial institutions remain bound to the duty to promote the (mandatory) registration of these operations with the Integrated Exchange Operations System (*Sistema Integrado de Operações Cambiais*/SINOC), while also checking their legitimacy and compliance with the legally provided requirements in the matters of prevention of and combatting money laundering and financing of terrorism.

The cumulative annual limit for FX operations made in the same civil year by individuals is of USD 250,000.00.

BNA Order no. 2/20 regards current invisible operations ordered by corporate entities (which include any current transactions which are neither of goods nor capital the maturity of which is not over 360 days). It is important to note that they are also not subject to prior authorization by the BNA, even though they require registration with the SINOC.

Unlike transfers ordered by individuals, transfers ordered by corporate entities are not limited as regards annual amounts, but the banking or financial institution must request the documents deemed necessary for an adequate evaluation and confirmation of such operations. For example, current invisible operations which include the provision of a service in an amount greater than USD 25,000 must be supported by a contract.

Contracts used as support for current invisible operations included in the scope of BNA Order no. 2/20, must, on the one hand, clearly identify their purpose, the deadline, the rights and obligations of the parties and the price. On the other hand, said contracts cannot contain certain clauses, notably those displaying a manifest imbalance between the liabilities of the parties or establishing an automatic renewal of the contract. The contract price cannot be calculated based on percentages of turnover, income, sales or purchases, except for cases where international commercial practice requires it. Contracts that, besides the current invisible items in trade operations, include additional elements, such as goods and others relevant for calculating the global price of the contract, must separately indicate the value of said additional elements. Finally, the use of the Portuguese language is recommended for contracts used in support of current invisible operations, although they may also be admitted in English or French, insofar as the banking institution has the internal capability to interpret such contracts.

4.1.2. Capital operations

According to the law and related regulations, capital operations are deemed to be, under Decree no. 23/98, of July 24, "contracts and other legal acts whereby rights or obligations are constituted or conveyed between residents and non-residents" and "transfers between national territory and abroad" (our translations), provided that said operations are listed in the annex to this Decree no. 23/98. Amongst other things, the following are considered capital operations:

- incorporation of new companies or branches of existing companies;
- participation in the share capital of companies or in civil or commercial companies;

- creation of joint-account investments or associations of third parties in shareholdings;
- total or partial acquisition of establishments;
- acquisition of real estate.

Despite the qualification made by Decree no. 23/98 and the general rule according to which capital operations are subject to BNA licensing, a recent BNA regulation has laid the grounds for a more flexible foreign exchange licensing procedure. In fact, under BNA Order no. 14/22, of July 5, the BNA has exempted capital operations carried out by legal persons, namely contracts and other legal acts by which rights or obligations are created or transferred between residents and non-residents, including credit transactions, from licensing. Through the said order, commercial banks have been delegated the responsibility to carry out the said operations that fall under its scope.

Through BNA Order no. 11/21, of December 23, the BNA simplified the undertaking of foreign exchange operations by non-FX residents related to *(i)* external direct investment; *(ii)* investment in securities (portfolio investment); *(iii)* divestment operations; and *(iv)* income earned by foreign exchange non-residents arising from direct or portfolio investment. This Order is also applicable to all foreign exchange operations concerning external investment projects which "have been registered with the National Bank of Angola prior to its publication" (our translation). Investments made by foreign exchange non-residents in the oil sector are excluded from the scope of this Order.

4.1.3. Merchandise operations

The rules on foreign-exchange transactions for the payment of import and export of goods are provided in BNA Order no. 4/21, of April 14. This Order determines, contrary to its predecessors, that the settlement of import and export operations may be carried out via different banking institutions.

The operations of import and export referred to in BNA Order no. 4/21 are exempt from BNA licensing. Nevertheless, the said operations must be registered with the SINOC, and prior to executing any operations, banking institutions must ensure

that they have a detailed knowledge of the client, applicant, beneficiary, importer or exporter who is an FX resident, and comply with the duties of identification and diligence imposed by the legislation and regulation on prevention and combat of money laundering, financing of terrorism and proliferation of weapons of mass destruction.

When importing goods, the following means of payment can be used: *(i)* advance payments or prepayments – advanced payments with a maximum term of 90 days for the entry of goods into the country, counting from the date of the payment made to outside of Angola; *(ii)* documentary credits – a) with a maximum validity period of 360 days; b) where advances are allowed under the terms negotiated by the parties; c) documentary collection or remittance, under the terms used internationally.

At the moment of a payment for an import, the banking institution confirming or notifying a Documentary Credit, or the bank of the exporter, has to send to the bank of the importer, depending on the means of payment, the following documents: *(i)* commercial invoice; *(ii)* Single Document (*Documento Único*); *(iii)* other documents referred to in the Documentary Credit. In the case of an advance payment or a prepayment, the bank must obtain the commercial invoice and the import license prior to making the said payment.

In a prepayment, banking institutions must ensure that they receive a transportation document and the Single Document within a maximum term of 30 days counting from the customs clearance and not exceeding the term of 180 days counting from the date of the payment made to outside of Angola. In advance payments, the date of entry of merchandise into the country must be notified by the importer, and registered and verified by the banking institution. In any case, banking institutions are entitled to request any additional documents considered necessary to ensure the legitimacy of the payment to be made abroad.

Again under BNA Order no. 4/21, importers who are also exporters and hold funds in foreign currency resulting from exports must use the said funds in foreign currency for the payment of any imports that they make.

When exporting goods, the following means of payment are admitted: *(i)* advance payment or prepayment; *(ii)* exporter credit; *(iii)* irrevocable and non-transferable

Documentary Credit. The intermediary banking institution must issue a Declaration of Payment Commitment using the form attached to the BNA Order no. 4/21 and must retain the export license with the SINOC. The full value of an export must be transferred by the foreign importer to the exporter's bank account in foreign currency, opened before at a banking institution domiciled in Angola.

In addition to BNA Order no. 4/21, one must also take into consideration BNA Instruction no. 17/2020, of October 15, where it is established that importers may freely negotiate the means of payment for the importation of goods without any limitation on the basis of a yearly period or by operation, except advance payments and prepayments, which have a limit of USD 50,000.00 per transaction or a limit of 10% of the total amount of the operation when made under a documentary credit.

4.2. Special foreign exchange legislation applicable to the oil industry

Act no. 2/2012, of January 13 (Foreign Exchange Act Applicable to the Oil Industry/ *Lei sobre o Regime Cambial Aplicável ao Sector Petrolífero*) establishes a special foreign-exchange regime for oil operations, pursuant to which the National Concessionaire and its associates (domestic or foreign corporate persons that are associated with the National Concessionaire through a commercial company, a consortium agreement or a production-sharing contract) are required to make all payments of expenses and tax obligations, together with payments for goods and services provided by residents and non-residents, through accounts domiciled in Angola, in a phased manner, based on the calendar set by the BNA in Order no. 20/2012, of April 25.

To this end, the National Concessionaire and its associates are required to open a foreign-currency account with a banking institution domiciled in Angola for payment of taxes and other fiscal obligations to the State, and for payment of goods and services provided by forex residents and non-residents, and an account in national currency for payment of goods and services provided by resident entities.

The implementation of the above-mentioned measures took place according to the following timetable:

- Since October 1 2012, the National Concessionaire and its associates have been obliged to make payments for the supply of goods and services through accounts in local and foreign currency opened with banking institutions domiciled in the country;

- Since May 13 2013, they must also have specific accounts domiciled in the country, where tey deposit the amounts resulting from the sale to BNA of the foreign currency required for payment of taxes and other fiscal obligations to the State;

- Since July 1 2013, contracts for the supply of goods and services concluded by the National Concessionaire and its associates with forex resident entities have had to be paid only in national currency;

- Since October 1 2013, payments for supplies of goods and services to forex non-resident entities have had to be made through an operator's accounts held with financial banking institutions domiciled in the country.

After the sale to the BNA of the foreign currency required for payment of taxes and other fiscal obligations to the State, the balance of foreign-currency accounts must be primarily used for the payment of current expenses (cash call) and only any surplus balance remaining is allowed to be placed by the foreign associates on the domestic or foreign market.

As regards the disposal of amounts corresponding to profits, dividends, incentives, other capital remuneration and depreciation of an investment, foreign associates are entitled to deposit them with foreign financial institutions, while national associates can hold them in foreign (or national) currency at banks domiciled in Angola, and may transfer them periodically, in accordance with their articles of association, to their respective non-resident shareholders in the form of dividends or profits.

The National Concessionaire and its associates can carry out foreign-exchange transactions without prior permission of the BNA (excluding capital operations aimed at foreign investment), but they must then be registered by the banking or financial institutions via SINOC.

The Foreign Exchange Law Applicable to the Oil Industry also stipulates that foreign associates must fully fund in foreign currency their share of the investment needed to implement oil operations, and Angolan banking financial institutions are not allowed to extend credit without the prior permission of the BNA (unless, in all cases, the funds are secured by monetary instruments held by the said foreign associates in Angola).

The National Concessionaire and its national and foreign associates must, individually and prior to November 30 each year, submit the annual forecast of foreign-exchange transactions, such information to be updated quarterly. A block operator must likewise submit each quarter to the BNA a detailed list of all contracts concluded with non-resident suppliers.

BNA Order no. 13/19, of December 2, establishes the procedures to be adopted in transactions for the sale of foreign currency by the National Concessionaire and its national and foreign investing companies, regardless of their status as operators, including entities dedicated to the production of liquefied natural gas, for the settlement of goods and services provided by foreign exchange residents to commercial banks with which they maintain a business relationship.

The exchange rate used in connection with the above-mentioned transactions for sale of foreign currency is freely negotiated between the parties.

BNA Order no. 13/19 is complemented by BNA Instruction no. 2/20, of March 30, which seeks to establish the procedures to be adopted in operations such as the selling of foreign currency by the National Concessionaire and its national and foreign investing companies, regardless of their status as operators, including entities dedicated to the production of liquefied natural gas, the exchange in the interbank market, and the purchase and sale by the BNA.

The Instruction states that the companies and banking institutions that wish to exchange foreign currency must negotiate through Bloomberg's FXGO negotiation platform. To this end, they have to enter into a subscription agreement with Bloomberg. Nevertheless, the selling of foreign currency for an amount below the USD 500k threshold (or the equivalent in another currency) may be negotiated directly with the banking institution where a company has a deposit account.

The dividing of one operation into several that are below this threshold is strictly forbidden.

When negotiating in the interbank market, banking institutions must indicate the currency, amount and value-date of an operation, with such information being communicated to all participating banking institutions and the BNA through the FXGO platform. The banking institutions must ensure that they have all the conditions to complete a transaction prior to submitting their proposal, and the BNA may also submit a proposal via the FXGO or sell foreign currency thereon.

5. REGULATION OF IMPORTS AND EXPORTS

Cross-border goods transactions are subject to payment of customs fees, Stamp Duty, Value Added Tax and general customs charges.

The entity responsible for the supervision of customs activities is the General Tax Administration, even if assisted by other entities involved in the supervision of foreign and domestic trade, such as the Ministry of Industry and Trade, the Ministry of the Interior (through the Fiscal Police and the Criminal Investigation Service), the Ministry of Health, the Ministry of Agriculture and Fisheries, the Ministry of Foreign Affairs, the Ministry of Mineral Resources, Petroleum and Gas and the Ministry of Transport, Telecommunications and Information Technology (through the ARCCLA – Angola's Regulatory Agency for Cargo and Logistics Certification).

As regards the regulation of procedures related to the licensing of imports and exports, the applicable legislation is Presidential Decree no. 126/20, of May 5, which sought to respond to the need to define a simplified model of administrative procedures applicable to import, export and re-export operations, with the ultimate aim of improving the Angolan foreign trade environment and certainty in the licensing of cross-border trade operations.

Pursuant to the terms of Presidential Decree no. 126/20, all economic agents with the intention of carrying out import or export operations must proceed with their registration with the Ministry of Industry and Trade, through the REI – Registration of Exporters and Importers. This action is mandatory and has a validity of five years. The REI allows economic agents to register on the Foreign Trade Computer Platform, through which agents can proceed with the licensing of their respective import and export operations.

The request for a license, along with the documentation to be attached to it, is submitted through the Platform by presentation of the Single Document corresponding to the operation, which must contain information such as the identification of the importer/exporter, the Tax Identification Number of the exporter or the references of the importer assigned by the General Tax Authority,

the Importer Code, the point of entry or exit of the goods, the gross weight of the goods, the tariff code of the goods and the country of origin.

If all procedures are properly followed, requests for licenses should be approved within a maximum of two working days from the date of submission and registration on the Platform. From the moment of the presentation until the license is granted, an interested party can consult the licensing process directly on the Platform.

The customs regulations of Angola are established by the Customs Tariff of Import and Export Rights approved by Presidential Legislative Decree no. 1/24, of January 3, which corresponds to the 2022 version of the Harmonized Commodity Description and Coding System (HS), including the Preliminary Tariff Instructions (IPP), the General Rules for the Interpretation of the Harmonized System (GRI), the tables annexed to the IPP, the General Outline of the Customs Tariff text and the Customs Tariff text. Said diploma introduces increases, reductions and limitations to import and export rates to promote national production in sectors where Angola has production capacity.

Although it establishes a principle of freedom regarding the import or export of goods, the Customs Tariff nevertheless provides for a certain range of products whose import and export, for various reasons – from the need to protect human life to national security – is prohibited. The Customs Tariff also provides for the application of a special customs procedure applicable to the Province of Cabinda.

In addition to being part of the World Trade Organization since November 23 1996, Angola is party to a number of important trade agreements, including the Preferential Tariff Treatment Agreement For Exports to China and the Cotonou Agreement. The Angolan state has also ratified the Bamako Convention on the Ban on the Import into Africa and the Control of Transboundary Movement and Management of Hazardous Wastes within Africa and participated in the 1992 Rio Declaration on Environment and Development.

Angola is also part of the Generalized System of Preferences (GSP), which offers developing countries a reduction in customs duties for some of their products entering the European market.

With regard to the petroleum sector, a specific customs regime was approved by Act no. 11/04, of November 12, which establishes that all entities associated with the National Concessionaire are exempt from customs charges on the import and export of goods (with the exception of stamp duty, at a rate of one per thousand *ad valorem* and the other service charges associated with the import and export of goods), provided that such goods are exclusively related to the execution of petroleum operations and are included in the list attached to the aforementioned law.

The import and export of products and goods to and from Angola is subject to control mechanisms that ensure compliance with legal obligations by economic agents.

The National Bank of Angola's (BNA) Notice no. 4/14, of August 12 (Simplified Procedure for the Payment of Goods Imports), establishes simplified rules and procedures to be followed when carrying out foreign exchange transactions for the payment of goods imports. Under the terms of said Notice, companies wishing to use the Simplified Process for the Payment of Goods Imports must, via a banking institution, submit a licensing application to the BNA. The requirements for applying for a license are extensive, and include, among others:

- a statement issued by the intermediary banking institution through which the company intends to carry out most operations;
- audited financial statements for the last three financial years, along with an independent auditor's opinion report thereon;
- certified copy of the company's articles of association published in the Official Gazette (III series);
- copy of proof of Registration as an Importer with the Ministry of Commerce.

Once the licensing application has been submitted, the BNA assesses the application, considering, among others: *(i)* the economic and financial soundness of the company; *(ii)* the market volume imported in the last 36 months; *(iii)* the degree of compliance with foreign exchange regulations; *(iv)* the degree of importance of the goods to be imported for the national economy; and *(v)* an independent auditor's opinion on the company's financial statements.

The BNA has to communicate its decision relating to the licensing application within a maximum period of 60 days from its date of entry. Should the application be approved, the BNA issues a license valid for 12 months, renewable for the same period.

There were two main changes arising from the Simplified Process for the Payment of Goods Imports:

- the exemption for importers from submitting documentation supporting the import of goods to banks when applying for payment from the exporter; and

- the permission to make advance payments of the value of the import of goods (before the entry of the goods in Angola) up to a maximum amount of AOA 100,000,000 per exporter (if the sum of advance payments to the same exporter exceeds the said value of AOA 100,000,000 and the goods have not yet entered the country, such payments are considered part of a single operation, deliberately divided).

Among the numerous obligations for licensed companies, it is worth mentioning that of sequential filing of the documents required for liquidation by the date of liquidation, (in particular *proforma* invoices, commercial invoices, transport documents, import licenses, single documents, supply contracts and bank guarantees). This is exempted under the simplified procedure.

The BNA may, at any time, provisionally or definitively suspend the license granted to an importer, should any violation of the rules established by BNA Notice no. 4/14, of August 12, be found.

On April 14 2021, the National Bank of Angola issued Notice no. 4/21 (setting forth the rules and procedures for foreign exchange transactions aimed at settling imports and exports of goods). This Notice establishes the rules and procedures to be observed when carrying out foreign exchange transactions for the import and export of goods in Angola and is applicable to all entities involved in these procedures, notably natural or legal persons, holders of rights and obligations within the scope of these transactions, banking financial institutions, public or private entities responsible for ensuring compliance with the rules set out in the Notice, etc. The Notice provides for various important procedures such as payment and settlement

methods, required documents, special import methods, the receipt and use of export revenues, and compensation for irregular exports and revoked Notice no. 5/18, of July 17, Notice no. 1/20, of January 9, and Instruction no. 17/20, of October 15.

6. FINANCIAL MARKET

6.1. Financial institutions

Financial institutions are governed by Act no. 14/21, of May 19 (General Framework of Financial Institutions/Regime Geral *das Instituições Financeiras*), which governs the process of establishment and the activity of financial institutions, together with their supervision and reorganization of financial institutions.

Financial institutions may be banking or non-banking institutions. The latter are subdivided into three categories: *(i)* those dealing in currency and credit operations subject to the jurisdiction of the National Bank of Angola (such as exchange bureaux, factoring companies, finance lease companies and payment service providers); *(ii)* those related to insurance business and social security subject to the jurisdiction of the Angolan Agency for Insurance Regulation and Supervision/*Agência Angolana de Regulação e de Supervisão de Seguros* (such as insurers and reinsurers, pension funds and their management companies); *(iii)* and those related to capital markets and investment within the jurisdiction of the Capital Market Commission/*Comissão do Mercado de Capitais* (such as securities brokers and dealers, investment companies, and asset management companies).

To carry on any of the activities governed by the General Framework of Financial Institutions, a company has to adopt one of the forms prescribed by law and obtain authorization to carry on the business from the respective regulator.

The activity of receiving from the public deposits or other repayable funds for their own use on and of acting as an intermediary in the settlement of payment transactions may be carried on only by banking institutions.

6.2. Type of financial system

With the National Bank of Angola Law (*Lei do Banco Nacional de Angola*) and the Foreign Exchange Law (*Lei Cambial*), the BNA was endowed with greater responsibility and autonomy in monetary and foreign-exchange matters and

delegated to commercial banks and exchange houses powers to license and undertake a number of current invisibles transactions in foreign currencies.

The Angolan financial market has been subjected to several measures involving its modernization and adaptation to international financial standards. Most recently, the Angolan legal framework applicable to the financial markets has been undergoing various revisions that impact on the provision of financial services in Angola, most importantly, the enactment of legislation and regulations barring banking financial institutions from providing services related to investment in securities and derivatives, which now must be provided by specific non-banking financial institutions involved in investments and the capital markets.

As the central bank, the BNA continues its strategic mission of catalyzing the development of the country, ensuring preservation of the value of the national currency and establishing the application of the legal framework, organization, working and supervision of the financial system to allow the harmonious, balanced development of the Angolan capital market.

The BNA is in charge of the execution, monitoring and control of monetary, foreign-exchange and credit policies, management of the payment system and administration of the currency within the context of the country's economic policy, and it is also charged with implementing measures aimed at stabilizing the money and foreign-exchange markets and increasing inter-bank competitiveness.

6.3. Structure of the banking system

The Angolan banking system comprises several domestic-capital banking institutions and foreign-capital banks that have been set up as banks under Angolan law.

Financial Banking institutions authorized to operate in Angola must be properly registered with the National Bank of Angola (a list of authorized banking financial institutions can be found on the BNA website).

6.4. Possibility of obtaining bank loans by foreign investors

Pursuant to the Private Investment Law, private investors may resort to internal or external credit. However, please note that for external credit, the investor will be subject to the constraints and requirements of the Foreign Exchange Law and related regulations, notably in terms of repayment of the loans and validation of the corresponding transactions.

7. TAX LEGISLATION

The Angolan tax system has been progressively developing over the years as a result of a tax reform plan aimed at attracting investment and strengthening the business environment. The tax reform also emerged due to the strong economic impact caused by the reduction in oil prices and production, which has been further increased by the current need to bring the Angolan tax system in line with best practices and international models, leading to an urgent need for these measures.

Accordingly, the tax reform applies not only to the administrative tax services, which is now more modern and IT-friendly, but also at the regulatory level, with the approval of several important laws regarding the operation of the Angolan tax system.

Since 2011 several tax codes have been published revoking, in some cases, other regulations dating back several decades. Among these codes are the Business Income Tax Code (Act no. 19/14, of October 22), recently amended by Act no. 27/22, of August 22, the Personal Income Tax Code (Act no. 18/14, of October 22), recently amended by Act no. 28/20, of July 22, the Investment Income Tax Code (Presidential Legislative Decree no. 2/14, of October 20), as amended by Act no. 8/22, of April 14 (Code of Tax Benefits), the Stamp Duty Code (Presidential Legislative Decree no. 3/14, of October 21), the General Tax Code (Act no. 21/14, of October 11), a Tax Execution Code (Act no. 20/14, of October 22), Code of Tax Proceedings (Act no. 22/14, of December 5), and the Value Added Tax Code (Law. no. 7/19, of April 24), recently amended by Act no. 14/23, of December 28. More recently, the new Tax Benefits Code (Act no. 8/22, of April 14) was approved, with the aim of stimulating economic growth, employment levels, savings, the decarbonization of the economy and the capital market.

The Angolan tax system is comprised of several taxes, its framework being the General Tax Code, which defines a set of general rules for the relationship between taxpayers and the tax authorities.

The General Tax Code has (since 2014) maintained the limitation period for the expiry of the right to assess taxes generally at five years (extending it to 10 years

when the absence of assessment derives from a tax crime by the taxpayer) and the general right to claim taxes to 10 years (previously the general statute of limitations foresaw 20 years).

Taxpayer's guarantees were increased with the approval of the new Tax Proceedings Code namely with the right to be a part of the decision process (*direito de audição* – it must be exercised within 30 days) and the general guarantee that the proceedings should be terminated in a 90-day period.

The relationship between taxpayers and the Tax Administration now benefits from a greater number of technical procedures provided for in the law regarding the Tax Administration's activities (namely regarding the formalities required to notify the taxpayer special systems for asset seizure, special rules penalizing taxpayers without a clean tax situation, such as prohibiting the entering into and the renewal of certain contracts with public entities and prohibiting the distribution of profits) and, on the other hand, from more detailed and regulated opportunities to protest against any illegal actions taken by the Tax Authorities.

Finally, it is important to mention that, in June 2018, a new Private Investment Law was published (subsequently amended in 2021), which provides for tax incentives that, in 2022, were put into practice by the Tax Benefits Code, which, like the previous Private Investment Law and related regulations, envisages certain tax incentives.

Presidential Decree no. 95/23, of April 6 defines the rules applicable to notifications and other communications, by electronic means, of the tax procedure and tax enforcement proceedings, regarding actions within the competence of the administrative body responsible for tax enforcement. The law also defines the acts and formalities for the electronic submission of taxpayers' declarations and the all the documents that must be submitted with such declarations.

7.1. Corporate taxes

7.1.1. Business Income Tax

Angola does not have a single tax on corporate income. Instead there is the Business Income Tax (*Imposto Industrial*) and the Investment Income Tax (*Imposto sobre a*

Aplicação de Capitais), and also special sector taxation (mining, oil and construction agreements).

WHO IS TAXED

Resident companies and resident natural persons (who earn income from industrial or commercial activities) are taxed in Angola on their income earned in Angola and worldwide. A company is considered resident in Angola if it has its domicile, registered office or effective management there.

When referring to companies, please note this includes commercial companies, civil companies with or without a commercial form, cooperatives, foundations, associations, autonomous funds, public companies and other legal entities governed by public or private law, with their registered office or effective management in Angolan territory.

Non-resident companies or non-resident natural persons are taxed only on income obtained in Angola. Thus, branches, permanent establishments or any form of representation of non-resident companies in Angola are subject to taxation in Angola on income obtained in Angola or attributed to Angola.

MAJOR TAX EXEMPTIONS AND EXCLUSIONS

The main exemptions and tax benefits foreseen regarding the Business Income Tax are those resulting from investment agreements or similar agreements entered into between the Angolan Government (or any other legally competent public entity for that purpose) and companies that operate or intend to operate in Angola. Outside the scope of such agreements, shipping and airline companies benefit from a general Business Income Tax exemption if, in their country of nationality, Angolan companies with the same activity enjoy the same prerogative.

WHAT IS TAXED

The law establishes that all profits attributable to the exercise of a commercial or industrial activity, even if accidental, are expressly subject to Business Income Tax. Commercial or industrial activities include, among others: *(i)* farming, fish farming, poultry farming, livestock, fishing and forestry; *(ii)* mediation, agency

or representation in the performance of contracts of any nature; *(iii)* the exercise of activities regulated by the gaming supervisory body, by the National Bank of Angola and by the Capital Markets Commission; *(iv)* the activities of companies whose object is the mere management of a property portfolio, of shares or of other securities; *(v)* the activity of foundations, autonomous funds, cooperatives and charity associations; and *(vi)* practice of a liberal profession in a corporate or association format.

The concept of income or gain in Angolan tax law is a broad one, including extraordinary gains, income from core activities or ancillary activities, rents (excluding real estate rents which are taxed under Real Estate Income Tax), income from foreign sources, dividends, interest and royalties.

The income that is generated by financial operations (such as interest, dividends, participations in companies' profits and premiums on bonds) is subject to Business Income Tax only if not liable for another tax or taxes.

The concept of income or gain also includes debt relief and positive equity variations (except for those deriving from the issuance of new shares or loss compensation paid for by the shareholders or tax credits).

In the formation of taxable income, expenses necessary to obtain these gains are deductible, within "reasonable" limits, including charges for ancillary activities, financial charges, administrative charges – such as salaries, allowances, retirement pensions, rents, transport costs, communications, security, legal services costs and insurance, depreciation of property, tax and parafiscal charges (except, naturally, Business Income Tax, Property Tax, Tax on Labor Income, and Tax on the Investment of Capital), certain types of donations, certain types of provisions, and costs borne for health care, day care centers, canteens, libraries and schools, when made available to the majority of the company's employees. The interest on loans made by share capital holders are also deductible, but only in the part that does not exceed the average annual reference interest rate established by the Central Bank.

Some expenses are, however, expressly considered non-deductible, including Business Income Tax, Property Tax, Tax on Labor Income, and Tax on the Investment of Capital, compensation paid as a result of an insurable risk, fines and all charges related to infractions of any nature, interest charged on loans (of

any kind) of the share capital holders (in the part that exceeds the average annual reference interest rate established by the Central Bank) expenses for maintenance and repair of rented buildings (considered costs in the calculation of the Municipal Real Estate Tax), and other taxes due (the Business Income Tax itself and the Urban Real Estate Income Tax due on rented property only). Exchange differences, when not realized, are not considered income or costs. Costs not documented or not properly documented (except the ones regarding self-billing, in accordance with the applicable special legislation) and confidential expenses (expenses which, due to their nature, function or provenance, cannot be verified and which are not supported by valid documentation, as provided for by law) are non-deductible. Tax losses recorded in a given year can be deducted from taxable income up to the end of the fifth year following the occurrence of such losses. However, tax losses determined on tax-exempt or reduced-tax activities cannot be deducted.

Upon request of a taxpayer to the Tax Authorities (AGT), the profits taken to the investment reserve, which within the following three years have been reinvested in new facilities or equipment, related to the productive activity, may be deducted from taxable income in the five years immediately following the conclusion of the respective investment.

As for the rules concerning the determination of taxable income, two regimes are in force: the general regime and the simplified regime. The simplified regime applies to companies and public entities, financial institutions, telecommunications operators, affiliates or branches of companies with headquarters abroad and other taxpayers who are not subject to Value Added Tax (VAT).

The other taxpayers belong to the general regime.

BUSINESS INCOME TAX RATES

The current Business Income Tax rate is 25%, but there is a reduced rate of 10% for income generated in agricultural, fish farming, poultry farming, fishing, forestry and livestock activities. The banking and insurance sector, telecommunications and oil companies are, however, subject to the 35% rate.

The provision of services of any kind carried out in Angola or in favor of entities which are domiciled or have their effective management or permanent

establishment in Angola, by legal entities which do not have their head office, effective management or permanent establishment in Angola is taxed at a rate 15%, in the form of a withholding tax.

The tax rate of the Business Income Tax can be reduced in the context of private investment projects duly licensed by public authorities as foreseen in general and special legislation approved thereto, depending on the development area in which the investment project is located.

Donations which are not covered by the Patronage Act (*Lei do Mecenato*) are not considered tax costs and are subject to separate taxation at the rate of 15%.

NON-RESIDENT TAXPAYERS WITH PERMANENT ESTABLISHMENT IN ANGOLA

A non-resident company in Angola that carries on its economic activity in Angola through a branch, agency or any other form of permanent establishment is subject to taxation in Angola under the general regime, in respect of profits attributable to the permanent establishment, but also in respect of: *(i)* profits made by the parent company (not resident in Angola) on the sale of goods similar to those sold by the permanent establishment; and *(ii)* profits on other activities carried out in Angola similar to the ones carried on by the permanent establishment in Angola.

In determining the profit attributable to a permanent establishment in Angola, only those costs incurred by the permanent establishment in Angola may be deducted.

As in the case of the tax treatment of residents, non-residents too, having a permanent establishment in Angola, can deduct part of the Investment Income Tax, previously borne in the determination of the Business Income Tax income or gains subject to Investment income tax, from their tax assessment.

PERMANENT ESTABLISHMENT

According to Angolan law, "permanent establishment" means a fixed place through which a company carries on the whole or part of its business, comprising, *inter alia*, management facilities, a branch, an office, a factory, a workshop, a mine, an oil or gas well, a quarry or any other place of extraction of natural resources in Angola.

The term "permanent establishment" further comprises: *(i)* an establishment where construction, assembly or inspection activities are carried on, including the supervision necessary for its functioning, but only when such a place or such activities last longer than 90 days in any 12-month period; *(ii)* provision of services, including consultancy services by a company acting through employees or other personnel engaged by it for the purpose, but only where such activities are undertaken in Angola during one or more periods totaling more than 90 days in any 12-month period.

It is also considered that a permanent establishment exists when a person (other than an independent agent) acts in Angola for a company and that person: *(i)* acts with powers usual to the conclusion of agreements on behalf of the company; and *(ii)* even if he does not have such powers, usually keeps in the country a stock of goods for delivery on behalf of the company.

A company is not deemed to have a permanent establishment in the country merely because it carries on business through a broker, general commission agent or any other agent of independent status, where such persons are acting in the ordinary course of their business. However, even independent agents can be considered permanent establishments in Angola if their activities are exercised exclusively or almost exclusively on behalf of a single company.

As for insurance companies (except in the matter of reinsurance), these are deemed to have a permanent establishment in Angola when they act through a person who receives premiums or insures risks in Angola (provided the person is not an independent agent).

NON-RESIDENT TAXPAYERS WITHOUT A PERMANENT ESTABLISHMENT IN ANGOLA

Non-resident taxpayers without a permanent establishment in Angola may be subject to different taxes on the income they earn in Angola, depending on the type of income concerned (Investment Income Tax, employment income or income from Angola subject to Business Income Tax).

Act no. 19/14, of October 22, approving in Article 73 the Industrial Tax Code, was recently amended by Act no. 27/22, of August 22, providing that the income

earned by foreign legal persons without effective management or a permanent establishment in Angola, resulting from services provided to Angolan entities or entities with effective management or a permanent establishment in Angola, regardless of where the services are provided, is subject to the payment of industrial tax at a rate of 6.5% by withholding at source, and no longer 15% as previously provided.

TRANSFER PRICING

Resident entities that are in a "special relationship" situation with other entities, resident or non-resident, subject or not to Business Income Tax, must implement conditions similar to those that would normally be agreed between independent persons. The tax authorities may carry out the necessary corrections for determining the taxable income whenever they find that the conditions applied are different from what would normally be agreed between independent persons.

The law does not extensively define what is meant by special relationships, but considers there to be special relations between two entities where an entity has control over the capital of the other or has, directly or indirectly, significant influence over the management of the other entity.

LARGE TAXPAYERS STATUTE

The Large Taxpayers Statute (*Estatuto dos Grandes Contribuintes*, Presidential Decree no. 147/13, of October 1) establishes a special taxation scheme for entities that qualify as large taxpayers. Large taxpayers are required to have audited and certified accounts, to give notice of any changes in shareholding structure, management, and headquarters or place of effective management, and to maintain close contact with the Tax Authorities.

This statute foresees two special taxation schemes for large taxpayers: *(i)* taxation of groups of companies; and *(ii)* a transfer pricing regime.

- Groups of companies – all entities that are considered to be large taxpayers and that are part of a group of companies may opt to be taxed in accordance with this regime. Under this special scheme for the taxation of groups of companies all profits and losses of the companies of a group are pooled.

For the purposes of this regime a group of companies is considered to exist if a parent company holds, directly or indirectly, a participation of at least 90% in another company (if this participation corresponds to at least half of the voting rights).

- Transfer pricing – the transfer pricing regime is more extensively regulated for those that qualify as large taxpayers. For the purposes of this legal regime the concept of associated enterprises is therefore fulfilled when an entity has the power to exercise, directly or indirectly, a significant influence on the management decisions of the other, which is deemed to occur in particular when: *(i)* directors or managers of a company or their spouses, ascendants and descendants hold at least a 10% participation in the capital or voting rights in the other company; *(ii)* the majority of the members of the statutory boards, or their spouses, unmarried partners, ascendants or descendants are the same persons; *(iii)* entities are bound by a subordination agreement; *(iv)* entities are in a relationship of corporate control or reciprocal shareholding, as well as entities that are bound by a parity group, subordination agreement, or other of equivalent effect, according to the Commercial Companies Act; *(v)* the commercial relations between two entities represent more than 80% of the total turnover of one of such entities; or *(vi)* an entity finances another for more than 80% of its credit portfolio.

This regime only recognizes the traditional transactional transfer pricing methods (the comparable market price method, the resale price method and the cost-plus method).

The Business Income Tax Code also establishes a tax neutrality regime applicable to reorganizations (now applicable to all taxpayers and not only to so-called Large Taxpayers) that, provided certain requirements and formalities are fulfilled, defers taxation on any transfers of assets which take place by virtue of such reorganizations.

This scheme also allows the deduction of tax losses incurred by merging or dividing companies into a new company or incorporating company, in the 6 subsequent financial years to which they refer, provided prior authorization is given by the Tax Administration. For this purpose, the beneficiary company or the new company must, by the end of the month following registration, submit the registration of

the merger or division at the Commercial Registry Office, together with balance sheets, analytical trial balance, profit and loss accounts and relative attachments and a technical report on the merger or division drawn up by an accountant, to the Tax Administration.

It should be noted that, although the Business Income Tax Code covers all taxable persons and is not limited to commercial companies, the neutrality regime only refers to commercial companies and there remains a doubt as to whether it applies to other legal persons.

ASSESSMENT AND PAYMENT ON ACCOUNT OF BUSINESS INCOME TAX

Without prejudice to the possibility of provisional payments being made in advance, the final settlement and respective tax payment are due by the end of April (for taxpayers subject to the simplified taxation regime) and May (for taxpayers under the general regime).

WITHHOLDING OF BUSINESS INCOME TAX ON SERVICES

The Business Income Tax due for the provision of services is withheld at source, at the rate of 6.5%, regardless of the nature of the service. Specific rules are also established for taxpayers whose activity is subject to the supervision of the National Bank of Angola, the insurance supervisory authority, the Gaming Supervision Institute or the Capital Market Commission.

AUTONOMOUS TAXATION

The autonomous taxation regime foresees three categories of expenses, that are no longer deductible and, in addition, are subject to taxation:

- improperly documented costs – 2%;
- non-documented costs – 4%;
- costs incurred with confidential expenditure – 30% (this rate is raised to 50% where such expenditure is incurred by a taxpayer which is exempt or not subject to Business Income Tax).

7.1.2. Investment Income Tax

RESIDENT AND NON-RESIDENT TAXPAYERS WITH A PERMANENT ESTABLISHMENT IN ANGOLA

The Capital Investment Tax is levied on income derived from the "simple investment of capital". The earnings thereof are divided into two sections:

- Section A
  - Objective basis of taxation – interest on capital lent, not taxed in Section B and interest resulting from the deferral over time of an instalment or from late payment;
  - Territorial basis of taxation – Capital Investment Income Tax (*Imposto sobre a Aplicação de Capitais*) is owed on interest "produced in the country" or interest assigned to a (natural or corporate) person having domicile, effective management or a permanent establishment in Angola;
  - Exemptions – income of financial institutions and co-operatives; interest on credit sales by tradespeople; default interest on tradespeople payments; interest on loans embedded in life insurance policies (made by insurers).
- Section B
  - Objective basis of taxation – interest on bonds, interest on supplies, profits attributable to shareholders of whatever nature, kind or description, royalties, including income derived from operational lease of goods, capital gains, compensation for the suspension of activities, and prizes from games of chance. The following gains are also subject to this tax: *(i)* the repatriation of profits attributable to permanent establishments of non-residents in Angola; *(ii)* the amortization or reimbursement of premiums and other forms of remuneration of bonds, equities or other similar securities issued by any company; *(iii)* the amortization or reimbursement of premiums and other forms of remuneration of Treasury Bills and of Treasury Bonds; *(iv)* the amortization or reimbursement of

premiums and other forms of remuneration of Central Bank securities; and *(v)* the positive balance between capital gains and capital losses incurred with the disposal of shares or other instruments that generate any income which is subject to tax (taking into account that only 50% of this balance is subject to tax, if the sale is made on a regulated market);

– Territorial basis of taxation – the source of income must have a connection with Angolan territory, that is, the income must be disbursed by a person with residence/effective management in Angola and made available through a permanent establishment in Angola; it must also be received by a person having residence/effective management in Angola or be attributed to a permanent establishment in Angola;

– Exemptions – dividends distributed by an entity having its registered office/effective management in Angola, to a corporate or equivalent person having its registered office in Angola which has a holding not less than 25%, for a period exceeding one year prior to the distribution of profits ("participation exemption"); interest in financial instruments that encourage savings; interest on housing-savings accounts.

TAX RATE AND LIQUIDATION

The tax rate is 5% in cases of: *(i)* income earned from interest, amortization or reimbursement of premiums and other forms of remuneration of bonds, participation titles or other similar securities, treasury bills and bonds and central bank securities, with a maturity equal to or greater than three years; *(ii)* the profits attributable to shareholders of companies and the repatriated profits attributable to the permanent establishments of non-residents in Angola, when the shares of the concerned company are traded on a regulated market; and *(iii)* amounts awarded to companies or entrepreneurs as compensation for the suspension of their activity. The rate is 10% for the majority of income included in Section B, and 15% in the case of interest and interest balances on current accounts, compensation for suspension of activity, game-of-chance prizes whatever their provenance, and any other income on investment of capital not included in Section A.

As regards Section A, the tax is paid, as a rule, through a withholding tax (at the source) by the person disbursing the income. This is not the case when these

disbursing entities do not have a residence, head office, effective management or a permanent establishment in Angola to which they can attribute such payments, a situation in which the beneficiary of the income has the obligation to settle the tax. The income tax settling rules of Section B are identical, with the exception that, in the case of income from securities admitted to trading on a regulated market held by entities exempt from ACT, the financial institutions by which these securities are held are responsible for instructing the respective issuers in this respect.

TAXPAYERS NOT RESIDENT IN ANGOLA (WITH NO PERMANENT ESTABLISHMENT)

All income in Section A or B is subject to Investment Income Tax (even if earned by non-resident taxpayers in Angola with no permanent establishment in the territory to which such income is attributable), provided they are produced in Angola, that is, if it is paid by entities having their residence, registered office, effective management or a permanent establishment there, to which the payment must be attributed.

7.1.3. Employment Income Tax

Income earned for technical, scientific or artistic activities undertaken on a freelance basis, and income earned by natural persons in the pursuit of an activity as employees is subject in Angola to Employment Income Tax (*Imposto sobre o Rendimento do Trabalho*).

Natural persons do not have to be resident in Angola for their income to be taxed there, since it is enough that the income is obtained for services rendered to the country, directly or indirectly, to natural persons or companies with domicile, head office, effective management or a stable establishment in Angola.

Any remuneration earned and received as the payment of wages, maturities, salaries, fees, annuities, gratuities, subsidies, prizes, commissions, attendance fees, emoluments, participation in fines, costs, margins, commercial and industrial earnings, and any other additional remunerations such as bonuses for failures, home-rent allowances, representation allowances and remuneration paid by political parties and other organizations of a political or social nature is considered employment income.

All rights, benefits or financial or capital advantages not included in the main remuneration, received by workers or service providers as a result of or in connection with their work and which represent an economic advantage for the beneficiary, are also considered ancillary remuneration.

MAIN EXEMPTIONS AND DEDUCTIONS

Excluded from taxable income are: *(i)* social benefits paid by the Social Security National Institute within the scope of compulsory social protection; *(ii)* holiday bonuses; *(iii)* Christmas bonuses; *(iv)* representation allowance; *(v)* travel costs up to the limit stipulated for civil servants.

The following items are, *inter alia*, exempt: *(i)* income of diplomatic missions' employees (under conditions of reciprocity) and of staff on service with international missions and non-governmental organizations; *(ii)* income earned by citizens over the age of 60 whenever derived from an employment contract.

TAXATION GROUPS

Incomes subject to Employment Income Tax are divided into three groups:

- Group A – includes the salaries received pursuant to an employment relationship, whether the latter results from a contract celebrated under the General Labor Law or under the public function service regime;

- Group B – includes all the remuneration awarded to self-employed workers who independently perform any of the activities listed in the professions attached to the Employment Income Tax Code, and the income earned by members of company corporate bodies (management or other);

- Group C – includes all incomes earned through the performance of industrial and commercial activities, which are presumed to be in accordance with the minimum profits table.

DETERMINATION OF THE TAXABLE AMOUNT

The determination of the taxable amount operates under specific rules, depending on the tax group in question.

In Group A, the determination of the taxable amount is made by deducting mandatory social security contributions and remuneration elements not subject to, or exempt from, Employment Income Tax, from a taxpayer's gross income.

This scheme also applies to the income of corporate body members, even when they are included in Group B. The transfer of an employee's tax burden to his employer is not accepted and the employee cannot earn a net disposable income higher than the amount established in the employment contract; the violation of this rule gives rise to the imposition of a fine and to an additional tax payment.

In Group B, the taxable amount corresponds to 70% of income received if paid by legal or natural persons with organized accounting. In other situations (where a payer does not have organized accounting), the taxable amount is calculated by taking into consideration the taxpayer's accounting records, available records of purchases and sales and services provided or any relevant data that the tax authorities may have. Expenses are presumed to correspond to a fixed percentage of 30% of the taxpayer gross income.

In Group C, the taxable amount is stipulated in a minimum earnings table, except for certain and legally typified cases, in which the taxable amount corresponds to the volume of sales of goods and services by the taxpayer.

The 2023 National Budget Law determined the suspension of Article 9(2) of the Personal Income Tax Code (Act no. 18/14, of October 22) which provided that whenever a Group C taxpayer (commercial and industrial activities income) sees, through any means, that its turnover is four times higher than the maximum value corresponding to its activity in the minimum earnings table, the taxable income must correspond to the volume of sales of goods and services not subject to withholding tax during the financial year.

The taxable income of Group C taxpayers whose turnover, in the financial year 2022, was equal to or less than AOA 10,000,000.00 (ten million kwanzas),

corresponds to the volume of sales of goods and services not subject to withholding tax, on which the rate of 6.5% will apply.

The 2023 National Budget Law also provides that, regardless of the volume of invoicing, taxpayers in Group C, who have organized accounting, must follow the rules applicable to the calculation of the taxable income of taxpayers under the Investment Income Tax regime, with the relevant adjustments.

EMPLOYMENT INCOME TAX RATES

Incomes included in Group A are taxed at progressive rates, as defined in the table annexed to the Employment Income Tax (EIT) Code: a tranche of income (AOA 70,000) is exempt from tax and the remaining income is subject to rates varying between 10% and 25%.

Group B and C incomes are subject to withholding tax at the rate of 6.5% on the value of the service provided when paid by entities with organized accounting or a simplified accounting model.

In turn, Group B and C taxable income that is not subject to withholding tax, is subject to a 25% rate. However, it should be noted that Group B and C taxpayers with organized accounting may be subject to the rules of the Industrial Tax Code for the calculation of taxable income. Even if they only have simplified accounting or record books, they may deduct 30% of the costs.

Services purchased from non-residents, as provided for in the Industrial Tax Code, are subject to EIT at the rate of 6.5%.

SOCIAL SECURITY CONTRIBUTIONS

Social security contribution rates are 8% (paid by the employer on monthly wages and any additional remuneration paid in cash) and 3% (paid by the employee). Foreign employees may be exempt from social security contributions if they provide proof that they are already registered with a foreign social security system.

7.2. Real estate taxes

7.2.1. Real Estate Income Tax

Real Estate Income Tax (*Imposto Predial*) is an income tax and wealth tax hybrid.

It is payable by both natural and corporate persons, whether resident or non-resident in Angola. The tax is levied on the value of property or the income of urban and rural buildings, and on free or onerous transfers of real estate, under whatever title such transfers occur.

In the case of unrented buildings, the tax is levied on the patrimonial value/value in the real estate records. In the case of rented buildings, the tax is levied on the annual value of the respective income, expressed in local currency (less a percentage allowed for maintenance and conservation expenses incurred by the landlord). However, when the tax resulting from income tax is lower than the tax due based on the patrimonial value/constant value in the real estate records (as in the case of unrented buildings), the latter is considered the tax payable.

Income from urban real estate property, taxed under Real Estate Income Tax, is not taxed under Business Income Tax.

MAIN EXEMPTIONS AND DEDUCTIONS

The exemptions from Urban Real Estate Income Tax are: *(i)* the State, public institutions and associations that enjoy the status of public utilities; *(ii)* foreign States regarding buildings assigned to their diplomatic or consular representations (where there is reciprocity); and *(iii)* legalized religious institutions in respect of properties intended exclusively for worship; *(iv)* political parties; *(v)* the first onerous transfer of real estate with a value equal to or less than AOA 3,000,000.00, destined to the purchaser's own permanent residence; *(vi)* rustic buildings located in rural areas with a size equal to or greater than 7 hectares; *(vii)* rural community lands defined in specific legislation.

In the case of rented buildings, maintenance expenses, which include expenses related to employees, cleaning, central air-conditioning, condominium management

and insurance premiums, are deducted from the taxable income, assuming that these expenses make up a total of 40% of the annual value of the rent received.

REAL ESTATE INCOME TAX RATES

The tax rate is 25% for rented properties. For non-rented buildings, the tax rate is 0.1% when they have a tax asset value up to AOA 5,000,000; the tax has a fixed value of AOA 5,000,00 when the asset value is between AOA 5,000,000.01 to AOA 6,000,000; and the rate is 0.5% when the taxable asset value is higher than AOA 6,000,000, on the amount exceeding AOA 5,000,000).

7.2.2. Real Estate Transfer Tax

The Real Estate Transfer Tax (*Sisa sobre as Transmissões de Imobiliários por Título Oneroso*) is a tax on transfers of real estate situated in Angola and must be paid by the purchaser. It is levied on the declared value or, if greater, 30 times the amount in the tax records; if the property has been valued, it is levied on the amount of the valuation.

Real Estate Transfer Tax is also levied in other cases, such as: leases for 20 or more years; mere promise of sale with delivery of the property; transfer of concessions made by the Government; or the acquisition of shares in companies that own real estate, where because of the acquisition one comes to hold 75% or more of the share capital of the company concerned and the main purpose is that of acquiring the real estate.

The Real Estate Transfer Tax rate is 2%.

7.2.3. Stamp Duty

All acts, agreements, documents, securities, books, papers, transactions and other items set out in the Table appended to the Stamp Duty Code are subject to Stamp Duty (*Imposto de Selo*), namely:

- share capital increases of existing entities or paying up of a company's share capital (at a rate of 0.1%);

- guarantees of obligations (variable rate between 0.1% and 0.3%, depending on the life of the guarantee, over the value), which are considered accessories to the contracts specifically referred to in the above-mentioned Table, provided the guarantees are entered into within 90 days from the celebration of the contracts;

- financing operations (variable rate between 0.1% and 0.5%, depending on their life, over the value);

- acquisition of ownership of real estate (at a rate of 0.3%);

- finance leases regarding moveable or immovable assets (at a rate varying between 0.3% and 0.4% of the countervailing payment);

- credit securities (at a rate of 0.1% of the value);

- sub-leases and sub-concessions (at a rate of 0.2% of the value);

- insurance (variable rate between 0.1% and 0.3%, depending on the type of insurance) and commissions charged for insurance mediation activity (at a rate of 0.4%);

- rentals (at a rate of 0.1% for housing purposes and 0.4% for other rentals) the responsibility for assessing and paying the tax rests with the lessor/landlord;
- customs operations (at a rate of 0.5% for some exports of goods and 1% for the import of goods, over the customs value);

- any agreement not specifically provided for in the table (AOA 1000);

- receipts for the actual receipt of credits (at a rate of 1%), excluding the receipts of rents received under a rental agreement for housing purposes if natural individuals enter into a rental agreement.

MAIN EXEMPTIONS AND DEDUCTIONS

The State or any of its services, establishments and organisms, welfare and social security institutions, public-utility associations (except those carrying on business activities), and religious institutions are exempt.

Certain types of credit operations related to consumption and savings incentives and certain types of insurance-contract premiums are also exempt. Other Stamp Duty exemptions may apply to cases such as: *(i)* transfer of immovable property during merger, de-merger or incorporation processes, provided these have prior authorization from the tax authorities (*Administração Geral Tributária*); *(ii)* labour contracts; *(iii)* export operations, except for the operations expressly referred to in the Table; *(iv)* free transfer of assets occurring between children and parents; *(v)* interest from Treasury Bonds; and *(vi)* intra-group financing operations, provided certain conditions are met.

Finally, entities resident in Angola are responsible for the collecting, delivery and payment of Stamp Duty which, under the general rules, would be the responsibility of non-resident entities.

TAX REGISTRATION OF REAL ESTATE

The tax registration of real estate is mandatory and is an obligation binding on the owners.

All real estate properties located in Angola, with or without any construction, must be registered with the tax authorities (in particular, with the local tax department overseeing the area where the property is located).

Properties must be registered by the owners, beneficial owners, any other holders of the right to income, or the tax authorities (*ex officio*). The registration is made with the submission of a form (*Declaração Modelo 5*). This form must be submitted alongside ancillary documents with detailed information regarding the description of the real estate property and the identification of its owner.

Registration is completed immediately by submitting two copies of the duly completed form to the relevant local tax department (one of the copies, which

must be stamped by the tax authorities and given to the taxpayer, who keeps it as a receipt).

The taxpayer can also request a Tax Property Registration Certificate (*Certidão Matricial*), that is, the document attesting that a certain property is registered with the tax authorities. This document provides the property value for tax purposes.

7.3. Excise duties

7.3.1. Value Added Tax

A new Value Added Tax (Código do *Imposto sobre o Valor Acrescentado*/VAT) was only approved in 2019, but since then VAT represents one of the Angolan Government's largest sources of tax revenue). The Value Added Tax is inspired by European VAT, which means it is a consumption tax that taxes the value added by businesses at each point in the production chain, from the producer to the retailer, with each entity deducting VAT paid on its purchase of inputs from the VAT collected on its sales, with the final amount paid by the final consumer. It can apply to both manufactured goods and services.

The Law that approved the VAT Code foresaw it entering into force on the July 1 2019. However, that date was postponed to October 2019. From that date, the new regime has been mandatorily applied to Large Taxpayers and to all imports of goods (regardless of the taxpayer's statute), and to other taxpayers that want to voluntarily benefit from the new VAT regime (provided some requirements are fulfilled).

During the years of 2019 and 2020, taxpayers reaching, in the previous year, an annual turnover or import value higher than USD 250,000 were subject to a transitory simplified VAT regime.

VAT has been mandatory for all taxpayers since January 1 2021.

WHO IS TAXED

VAT is payable by natural or corporate persons that: *(i)* engage in any independent economic activity, including production and trade of goods, services, liberal

professions, and mining, agriculture, aquaculture, apiculture, poultry, livestock, fishing and forestry activities; *(ii)* import goods; *(iii)* enter the VAT on an invoice incorrectly; *(iv)* acquire services from non-resident entities; and *(v)* are the State, government entities and other public organisms, together with political parties, workers unions and religious institutions, provided some requirements are met.

WHAT IS TAXED

As a rule, the supply of goods and services in Angolan territory and the import of goods are subject to VAT.

For VAT purposes, the concept of "supply of goods" entails any transaction of tangible goods in exchange for money (including the transfer of electricity, gas, heat, cold and such). However, the transfer of a business establishment, provided it is considered an independent activity branch and the buyer is also entitled to fully deduct VAT, and samples and offers made to clients, in accordance with commercial customs (under some circumstances) are not considered a supply of goods.

Any transaction in exchange for money that is not considered a supply or importation of goods or money (except the exchange of money) is considered a 'supply of services'.

All entries of goods or any release of goods for consumption under a special customs procedure is considered an 'import of goods' from the moment it enters Angolan territory.

THE TAXABLE AMOUNT

In respect of the supply of goods or services the taxable amount includes everything which constitutes consideration obtained or to be obtained by the supplier, in return for the supply, and is due when the goods are made available to the buyer or the services are provided. In respect of importation, the VAT is due at the moment the goods are customs cleared.

MAIN EXEMPTIONS

VAT exemptions can be considered "complete", when a supplier has the right to deduct the VAT paid on its purchase of inputs, or "incomplete", when the supplier does not have this right.

As regards complete exemptions, such transactions are taxed at a zero rate and include certain supplies of basic necessity foods and goods (such as milk, beans, rice, wheat flour, corn flour, cooking oil, cane sugar and soap), export of goods, some transactions related to international commerce and international passenger transportation.

As for incomplete exemptions, these can be sub-divided between where a taxpayer can forego the exemption and where he cannot forego it. The first case includes the supply of medicines for therapeutic and prophylactic purposes and the supply of books (including e-books). The second case includes the supply of oil products (which are subject to Special Consumption Tax), leasing of real estate intended for housing, transactions subject to Real Estate Transfer Tax, exploitation and engagement in games of chance and other forms of recreation, public passenger transportation, financial intermediation activities (including financial leasing except if the consideration is specific and predetermined and charged by the service) and the supply of life insurance and reinsurance.

VAT REGIMES AND RATES

The following are the VAT regimes:

General Regime: This applies to all taxpayers registered with the Large Taxpayers Tax Office, as well as those who voluntarily apply to join this regime, provided they have a turnover or import operations equal to or greater than AOA 350,000,000.00 (in the previous 12 months). Taxpayers in the industrial sector must be in this regime provided they have a turnover or import operations equal to or greater than AOA 25,000,000.00. Taxpayers under this regime who carry out exempt transactions are obliged to pay Stamp Duty on the discharge receipt at the rate of 1% in respect of item 23.3.

Taxpayers under this regime are subject to a 14% tax rate.

Simplified Regime: those with a turnover or import operations equal to or greater than AOA 25,000,000.00 and equal to or less than AOA 350,000,000.00 (in the previous 12 months). They are subject to a 7% VAT rate on the amount actually received from non-exempt operations, including advances or prepayments, and there is a right to deduct 7% of the total tax paid. When purchasing services from non-resident suppliers, tax is paid at 7% on the value of the service actually purchased.

Exclusion Regime: All taxpayers with a turnover or import operations of less than AOA 25,000,000.00 fall under this regime, where there is no VAT obligation.

PAYMENT AND "CAPTIVATION"

As a rule, the supplier of goods and services is the one obliged to deliver the output VAT, after the input VAT is deducted in non-exempt activities or exempt activities in which the supplier has the right to deduct (complete exemptions). The payment must be made by the end of the month following that in which the goods or services were provided.

Nonetheless, the VAT Code has introduced an innovation regarding payment: the captivation system. In these cases, it is not the supplier of the goods or services to deliver the output VAT, but instead the acquirer of them ('captivating agent'). The captivating agent therefore has to 'captivate' the output tax (his own input tax) of each supplier in accordance with the invoice issued. Oil investment companies, the State (except public companies) and municipalities are captivating agents of 100% of their input VAT and the National Bank of Angola, insurance and reinsurance companies, communications companies and commercial banks are captivating agents of 50% of their input VAT.

a) Act no. 7/19, of April 24, approving the value added tax code was recently amended by Act 14/23, of December 28, with the following amendments: Amends the rule provided for in Article 19 of the value added tax code, which determined the general rate of 14%, with the following VAT rates now in force: *(i)* 14%, as the general rate, for imports, transfers of goods and supplies of services; *(ii)* 7% for taxable persons registered under the Simplified VAT Regime; *(iii)* 7% for the supply of hotel and restaurant services; *(iv)* 5% for imports and transfers of widely consumed food products and agricultural

supplies listed in Annexes I and II of the Value Added Tax Code; *(v)* 1% for imports and transfers of goods subject to the special tax regime applicable to Cabinda Province, with the exception of those listed in Annex III, to which the general rate applies;

b) Amends the conditions for adherence to the Special Cash VAT Regime, allowing, among others, VAT taxpayers who, in the previous financial year, had a turnover or import operations equal to or less than AOA 2,000,000,000.00 to adhere. Adherence to the Cash VAT regime will continue to involve the electronic submission of a declaration of change of activity and approval by the General Tax Administration (AGT). However, adherence to the Cash VAT regime will only take effect the month following approval of adherence to the regime by the AGT;

c) Article 77 of the Value Added Tax Code has been added, which allows non-resident taxable persons to pay VAT that was paid before the implementation of the simplified registration system, without any penalty, for international e-commerce or the provision of services located in Angola.

7.4. Tax incentives for private investment in Angola

7.4.1. The New Tax Benefits Code

The Tax Benefits Code (TBC), approved by Act no. 8/22, of April 14, is the result of a long legislative process resulting from the draft law published on September 15, 2020. The TBC is a unique instrument for the simple and modern regulation of various tax benefits with a view to updating and broadening the tax base and increasing the supervision and control of the Angolan tax system by the Angolan Tax Administration and other public entities.

In line with the provisions of the General Tax Code with regard to the classification of tax benefits, the TBC determines that these may be *(i)* automatic or recognized administratively (nonautomatic) and *(ii)* personal or real.

The TBC sets the general maximum duration of tax benefits at 10 years, with certain exceptions, as in the case of tax benefits granted under the Contractual Regime for Private Investment, which have a maximum term of 15 years.

As regards the ability to transfer tax benefits, the TBC now allows the transfer of tax benefits in the context of M&A restructuring operations, namely, mergers, demergers, or any other transformation of commercial companies, on the condition that the resulting company must maintain the corporate purpose underlying the grant of the tax benefit concerned.

The code revokes several specific statutes and preserves the specific tax benefits granted prior to the entry into force of the code (grandfather clause). The code does not apply to tax benefits granted under the special taxation regimes, namely for oil and mining activities, which will continue to be regulated by specific legislative instruments.

7.4.1.1. Tax Benefits in Private Investment Projects

The entry into force of the TBC has brought into effect what was previously foreseen in the Private Investment Law, which determines the attribution of tax benefits to private investment projects, inserted in the Prior Declaration, Special and Contractual legal regimes.

The attribution of the tax benefits in question is done according to the regime applicable to the investment project being analyzed and is dependent on the provisions of the Tax Benefits Code.

The TBC grants tax benefits to private investment projects carried out under the special regime, *i.e.*, investments made in priority activity sectors, such as the following:

- education, technical training, higher education, scientific research and innovation;
- agriculture, food industry and agroindustry;
- health units and specialized health services;
- reforestation, industrial transformation of forest resources and forestry industry;

and in the development zones defined by law, under the following terms:

	Zone A	Zone B	Zone C	Zone D
Corporate Income Tax	20% tax rate reduction. Term: 2 years.	60% tax rate reduction. Increase of the amortizations and reintegrations in 50%. Term: 4 years.	Reduction in 80% of the tax rate. Increase of amortizations and reintegrations by 50%. Term: 8 years.	The tax rate corresponds to half of the rate resulting from the application of the rate attributed to Zone C. Term: 8 years.
Real Estate Tax	50% tax reduction on the acquisition of office property or property necessary for the establishment of the investment.	75% tax reduction on the acquisition of office property or property necessary for the establishment of the investment. 50% tax reduction for the possession of office or real estate necessary for the establishment of the investment. Term: 4 years.	85% tax reduction on the acquisition of office real estate or real estate necessary for the establishment of the investment. 75% tax reduction for the possession of office or real estate necessary for the establishment of the investment. Term: 8 years.	For the acquisition or holding of office property or property necessary for the establishment of the investment, the applicable rate will be half that resulting from the application of the rate attributed to Zone C. Term: 8 years.
Capital Gains Tax	Reduction of 25% in the tax rate on the distribution of profits and dividends. Term: 2 years.	60% reduction in the tax rate on the distribution of profits and dividends. Term: 4 years.	80% reduction of the tax rate on the distribution of profits and dividends. Term: 8 years.	The tax rate corresponds to half of the rate resulting from the application of the rate attributed to Zone C. Term: 8 years.

For private investment projects carried out under the prior declaration regime, the TBC grants the following tax benefits:

Corporate Income Tax	20% tax rate reduction. Term: 2 years.
Real Estate Tax	Reduction by 50% of the tax rate for the acquisition of real estate intended for offices or necessary for the establishment of the investment.
Capital Gains Tax	Reduction of 25% in the tax rate on the distribution of profits and dividends. Term: 2 years.
Stamp Duty	Reduction of 50% of the applicable tax rate. Term: 2 years.

Since private investment projects entered into under the contractual regime are carried out through a negotiation between the investment promoter and the Angolan State, there is an extension of the tax benefits available:

Corporate Income Tax, Real Estate Tax and Capital Gains Tax	Reduction in applicable tax rates. Term: 15 years.
Tax Credit	Tax credit up to 50% of the investment value. Term: 10 years.
Corporate Income Tax	Top-up of the amortization and reintegration rates up to 80% for projects carried out in Zones B, C, and D. Term: 10 years.

INVESTMENT ZONES

For the purposes of attributing tax benefits to private investments in micro, small and medium-sized enterprises, the country is organized into Investment Zones, namely the following:

Identification	Investment Zones
Zone A	Luanda District and Municipalities – Head of District of Benguela, Huíla Districts and Lobito Municipality.
Zone B	Districts of Bié, Bengo, Cuanza-Norte, Cuanza-Sul, Huambo, Namibe and the remaining Municipalities of Benguela and Huíla.
Zone C	Districts of Cuando Cubango, Cunene, Lunda-Norte, Lunda-Sul, Malanje, Moxico, Uíge and Zaire.
Zone D	Cabinda.

7.4.2. Free Trade Zones (FTZ)

The Free Trade Zones Act was approved in December 2020, followed by regulations in January 2021, allowing all types of private investment in the FTZs, but primarily focused on developing the agricultural and industrial sectors, labor-intensive industries, and high-tech industries with high national added value, that use and transform domestic raw materials and are export-oriented.

Foreign investment operations allowed in the FTZs include the following:

- introducing freely convertible currency into the national territory;
- introducing technology and knowledge, if they represent an added value to the investment and can be valued in monetary terms;
- introducing plant and equipment and other tangible fixed assets;
- applying the proceeds of loans secured abroad;
- acquiring commercial or industrial establishments;
- executing agreements for leasing or exploiting land for agricultural, livestock and forestry purposes; and
- acquiring real property within the FTZs, if the acquisition is part of an investment project.

Foreign investors can invest in the FTZs as follows:

- transfer own funds from abroad earmarked for industrial, technological, agricultural, commercial or other ventures involving the investor's ownership and direct operation of the ventures;
- deposit the funds available in national and foreign currency in bank accounts opened in Angola by foreign exchange non-residents that are allowed to repatriate the funds pursuant to the applicable foreign exchange legislation;
- transfer credits and other resources that may be used for investment purposes;
- reinvest the funds;
- transfer plant and equipment and other tangible fixed assets; and
- transfer technology and knowledge.

To date, only the Free Trade Zone of Barra do Dande has been established (Decree no. 62/07, of August 13). However, the implementation of the tax benefits applicable to the Free Trade Zones is very important for fostering new investment operations in these areas (created under Act no. 35/20, of October 12).

In these terms, the TBC provides a set of tax incentives for companies that make investments in the Free Trade Zones, among which we highlight the following:

Corporate Income Tax	Application of a 15% rate for any commercial activity.
Corporate Income Tax	Application of 8% rate in commercial, industrial or service activities oriented exclusively to exploitation outside the customs territory.
Capital Gains Tax	Exemption from Capital Gains Tax on profits generated by companies within the scope of their activity in the free trade zones and distributed to partners and shareholders.
Capital Gains Tax	Application of the 5% Capital Gains Tax rate in relation to capital operations, royalties, interest, and any other remunerations for services, technology transfer technical assistance, loans and financing, equipment rentals, and full service from third countries to users of the Free Trade Zones.
Customs Duties	Exemption on the import, export and re-export of goods, capital goods, accessories and other tangible goods, with the exception of fees for the rendering of services, the import, export and re-export operations of goods, within the free zones.

7.4.3. Micro, small and medium-sized Angolan enterprises

Enterprises are considered: *(i)* micro-enterprises when they employ up to 10 people and/or have an annual turnover not exceeding USD 250,000; *(ii)* small enterprises when they employ more than 10 and up to 100 employees and/or have a gross annual turnover exceeding USD 250,000 and equal to or less than USD 3 million; and *(iii)* medium-sized enterprises when employing more than 100 and up to 200 people and/or have a gross annual turnover equal to greater than USD 3 million and not exceeding USD 10 million.

Entities engaged in financial sector activity are excluded from this definition.

Apart from a simplification of administrative procedures and formalities, these companies can benefit from the following tax incentives:

- Corporate Income Tax between 2% and 50%, depending on the nature of the company and the investment zone; and

- Exemption from Stamp Duty on the discharge receipt.

7.4.4. Patronage Act

There is a system in Angola conducive to investment in the promotion and development of social, cultural and economic life in Angola and covering tax benefits granted to sponsors and the support granted or received by the State, public associations and public or private corporate persons considered eligible to receive sponsorship.

The TBC also regulates several tax benefits related to Patronage, which are listed below and require particular analysis in relation to each specific case: *(i)* deduction of part of donations as a deduction from the taxable income of patrons depending on the specific characteristics provided by law; *(ii)* tax benefits granted for the acquisitions of works of art by artists of Angolan nationality; *(iii)* tax benefits granted to associations that have been granted a public utility status; *(iv)* tax benefits to cooperatives; and *(v)* customs benefits to political parties with seats in the National Assembly.

7.5. Special tax legislation

7.5.1. Collective investment scheme taxation

Collective investment schemes/undertakings for collective investment (*organismos de investimento colectivo*/ OICs) are entities gathering collective investment from the public in order to achieve and fulfil the main general principles of risk allocation and the exclusive pursuit of the individual interests of the participants.

The main underlying idea imbedded in this special taxation regime is the that the OIC (that is, the entity performing the undertaking for collective investment) be taxed, whereas the participants are generally not taxed.

i) Acquisition of property

The acquisition of properties by OICs set up and operating in accordance with Angolan law benefits from a 50% reduction in Property Real Estate Tax, and is thus subject to Real Estate Tax at 1% (instead of 2%);

The acquisition of properties is subject to Stamp Duty, under the general law (0.3%).

ii) Possession of non-rented properties

OICs also benefit from a 50% reduction in the Real Estate Tax applicable to the possession of non-rented properties, so that the rates applicable range from 0.05% to 0.25% (instead of 0.1% to 0.5%);

iii) Income

OICs are subject to Business Income Tax at reduced tax rates: 7.5% applicable to undertakings for collective investment investing in securities and 15% applicable to undertakings for collective investment investing in real estate.

The income of OICs, notably rents, is therefore exempt from any other income tax, including Capital Gains Tax and Real Estate Tax.

There are some additional exemptions applicable to OICs regarding indirect taxation. OICs are exempt from Stamp Duty on management fees, as well as on capital increases.

iv) OIC investors

Investors in OICs (unitholders or shareholders, as the case may be) are exempt from Capital Gains Tax and Corporate Income Tax on any gains arising from their investments in them (including gains from redemptions, gains/dividends distributed by the OICs, and gains arising from the sale of units).

7.5.2. Special Tax Regime for Cabinda Province

Presidential Legislative Decree no. 4/22, of July 23, authorized by Act no. 23/22, of July 20, regulates the special regime applicable to Cabinda Province. This special

regime provides for a taxation model that is more suited to the current context of the province, adjusting the previous regime that only contemplated questions regarding customs duties, port and VAT matters, extending it in order to address taxation not only in its external aspects but also its internal aspects.

The Regime is applicable to companies domiciled in Cabinda Province, and to real estate properties and tax residents in the said province, but is not applicable to the oil sector.

In summary, we highlight the following tax rules applicable to Cabinda Province:

- food products from bordering countries, brought within the scope of border trade, by local population, for their own use, in non- commercial quantities, are exempt from the payment of customs duties and other impositions;

- agricultural activities and activities in the industrial sector are now taxed under the Industrial Tax at the rates applicable, of 3% and 10% respectively. The rate applicable to the agricultural sector may be adjusted if there are changes associated with the general rate;

- the distribution of profits or dividends decided by companies in the agricultural sector and the industrial sector is subject to Capital Gains Tax at the rate applicable, of 5%;

- Real Estate Tax, which is levied on property income and ownership, must be paid at the rates applicable, of 10% and 0.05% respectively.

7.5.3. Mining activities taxation

WHO IS TAXED

The mining industry is subject to specific tax legislation. All natural or corporate persons, resident or non-resident, carrying on reconnaissance, research, prospecting and exploitation of mineral resources existing in territory under Angolan jurisdiction are subject to special taxation on the income generated by this activity.

Investment in mining prospecting, studying, evaluating and exploitation involves an investment agreement approved by the Minister. If the value of this investment agreement is equal to or greater than USD 25 million, its approval lies with the President of the Republic.

Determination of the taxable income and payment of tax charges is undertaken independently for each mining concession.

WHAT IS TAXED

Entities residing in Angola and non-resident entities having permanent establishments that carry out mining activities are subject to: *(i)* Business Income Tax and Investment Income Tax, with some special rules; *(ii)* Mineral Resources Value Tax (royalties); *(iii)* Surface Charge; *(iv)* Artisanal Levy; and *(v)* Contribution to the Environmental Fund.

Subjection to these taxes does not preclude subjection to other levies and taxes that may be due, for example social security contributions.

Private companies holding mining rights for prospecting or exploitation of mineral resources are also required to provide a performance bond of 2% or 4%, respectively, of the investment value, to guarantee fulfilment of their contractual obligations.

INCOME TAXES

The distribution of dividends resulting from income from mining operations is subject to Investment Income Tax under the general terms of the law.

The general rules of the Business Income Tax also apply, with some specific characteristics of this tax system for this activity, such as: *(i)* admissibility of deduction of specific costs; *(ii)* constitution of a special provision for environmental restoration; *(iii)* tax rate of 25%; and *(iv)* tax incentives.

Entities subject to the payment of tax on the carrying out of mining activities (also known as the Artisanal Levy) are exempt from this tax.

In determining taxable income, the following are deductible as costs: *(i)* basic, ancillary or complementary activity expenses; *(ii)* distribution and selling expenses; *(iii)* certain types of expenses of a financial nature; *(iv)* certain types of administrative expenses; *(v)* customs charges; *(vi)* provisions (including provision for environmental restoration); *(vii)* Mineral Resources Value Tax (royalties); and *(viii)* Contribution to the Environmental Fund. Special rates of depreciation of assets are provided for.

Entities non-resident in Angola that carry out mining activities may deduct the income tax levied on this activity as a cost provided they can prove they have been paid in their country of residence.

The tax incentives stipulated for entities that carry out mining activities are granted in the form of costs deductible from taxable income.

Where the mining activity in question is of significant interest to the Angolan economy, these incentives may take the form of investment premiums ("uplifts") or grace periods in the payment of taxes.

During the negotiation of an investment agreement, the Government may also grant tax incentives in the form of tax and customs exemptions to companies incorporated under Angolan law engaged solely in processing, upgrading, cutting and polishing minerals quarried in Angola.

MINERAL RESOURCES VALUE TAX (ROYALTIES)

This tax is levied on the value of the mineral resources extracted at the mine or on the value of the concentrates if these resources are processed. The value of the minerals produced for the purpose of calculating the royalties, is determined by the average price of previous sales or, where that is not possible, it is set at the average of international prices.

In the case of non-industrial or artisanal diamond mining, the royalties are levied on the value of lots acquired for sale; in the case of artisanal mining of other natural resources, they are levied on the value of the minerals.

Royalty rates vary between 2% and 5%, depending on the type of mineral in question.

SURFACE CHARGE

Holders of mining prospecting rights are required to pay an annual Surface Charge (*Taxa de Superfície*) per square kilometer of surface area licensed.

This charge varies based on the life of the license, the type of mineral licensed and the number of square kilometers (between USD 2/km^2 and USD 40/km^2).

ARTISANAL OR NON-INDUSTRIAL LEVY

Entities engaged in artisanal mining of non-strategic minerals are subject to the payment of a levy on artisanal mining, also known as the Artisanal Levy (*Taxa Artesanal*). This levy varies depending on the type of mineral exploited.

SPECIAL CUSTOMS DUTIES UNDER MINING LEGISLATION

The import of equipment to be used exclusively and directly in carrying out the prospecting, searching, reconnaissance, operating and processing of mineral resource activities is exempt from Customs Duties and Service Charges (with rare exceptions). The exemption on the import of such equipment is applied only if the imported goods cannot be produced in Angola, or if, even though they can be produced in Angola, their domestic price is at least 10% greater than that of the price of the imported product.

The export of mineral resources legally extracted and processed, if exported by the holder of the mining rights, is not subject to Customs Duties. The export of unprocessed mineral resources is subject to a Customs Fee of 5%.

7.5.4. Taxation of petroleum activities

Taxation of petroleum activities is subject to a special mechanism for the oil industry, in the place of the general mechanisms replacing the Business Income Tax.

In Angola, there is an economic-fiscal system of the dual type, among the fundamental characteristics of which there are important regulatory aspects of the oil industry tax, which was enacted by specific legislation (Act no. 13/04, of December 24, or Taxation of Petroleum Activities Act (*Lei sobre a Tributação das Actividades Petrolíferas*)) and certain economic factors involving the concessions, closely related to the tax system adopted, which are set out in the agreements signed for the execution of petroleum operations.

The special taxation mechanism applies to all entities, whether resident or non-resident, provided they are engaged in research, development, production, storage, sales, export, processing and transportation of crude oil and natural gas, as well as naphtha, ozokerite, sulfur, helium, carbon dioxide and saline substances, when derived from petroleum operations.

Mention is made, however, of the exemption from any taxation of shares representing the share capital of companies to which the taxation of petroleum activities applies or of the dividends they distribute.

The special taxation of petroleum activities mechanism involves five taxes:

- Petroleum Production Tax (which does not apply to production-sharing agreements);
- Petroleum Income Tax;
- Petroleum Transaction Tax (which does not apply to production-sharing agreements);
- Surface Charge;
- Contribution to the Training of Angolan Staff (Training Levy).

An environmental fee for petroleum industry projects is due and its value depends on three components: environmental impact coverage; environmental impact stringency; and environmental impact duration.

As a general principle applicable to the first three taxes, calculation of the taxable income is undertaken independently and separately for each concession or development area, with the exception of research expenses within the scope of the taxation of production-sharing agreements, which are extendable to other development areas. That is, the tax unit is the concession or development area. All domestic or foreign entities engaged in petroleum operations in Angola, together with other territorial or international areas under the jurisdiction of Angola, are thus subject to this special tax mechanism, and the determination of the taxable income is done independently for each oil concession.

At this time, there are two parallel systems of taxation of petroleum activities: that foreseen by the old law, which applies to concessions granted prior to January 1 2005 (with some exceptions), and that of the law now in force, applicable to concessions granted after January 1 2005 (as described above).

Crude oil is produced and valued at market prices based on actual FOB (Free On Board) prices obtained in arm's-length sales to third parties. The other substances produced are valued at the actual selling price (with rare exceptions).

The Angola LNG Project/"*Projecto Angola LNG*" is regulated in more detail, with a special taxation scheme.

MAIN EXEMPTIONS AND DEDUCTIONS

Transfers of interests held by entities covered by these special sectoral taxation mechanisms are exempt from all taxes or charges of a fiscal nature directly related to their transfer, except for any profit arising on the transfer of interests, which is subject to Petroleum Income Tax.

According to the law, the transfer of profits out of Angola and the payment of dividends are exempt from Petroleum Income Tax.

PETROLEUM INCOME TAX

Petroleum Income Tax is levied on net income obtained in the pursuit of exploration, development, production, storage, sales, export, processing and

transportation of oil, in the pursuit of wholesale trade in the products resulting from these activities and also activities incidental or ancillary to such activities.

This tax is not levied on the receipts of the National Concessionaire, bonuses or any excess earned over and above the limit-price.

Tax is applied to the income at the end of each year, calculated independently for each of the oil concessions or development areas in the case of shared production contracts. The method of determination of taxable income varies by type of concession: *(i)* in the case of commercial companies, partnerships or any other form of association and service agreements involving risk, taxable income is the difference between all income or realized gains and the costs or losses attributable to a given year; *(ii)* in the case of production-sharing agreements, taxable income is the difference between the total amount of oil produced and the sum of oil for recovery of costs ("cost oil") and the receipts of the National Concessionaire.

For tax purposes, the following in particular are considered costs: *(i)* expenses incurred with basic, ancillary or complementary activities; *(ii)* certain types of personnel expenses; *(iii)* certain types of costs of materials; *(iv)* costs involved in transporting the materials; *(v)* supplies needed to carry out petroleum operations; and *(vi)* interest and other borrowing costs actually paid, where contracted with Angolan financial institutions (although subject to previous approval of the Ministry of Finance and the Ministry of Mineral Resources, Petroleum and Gas).

For tax purposes, the following in particular are considered non-deductible costs: *(i)* commissions paid to intermediaries; *(ii)* indemnities, fines or penalties; *(iii)* expenses incurred in arbitration proceedings; *(iv)* interest and borrowing costs other than those expressly stated as being deductible; and *(v)* funds, provisions and reserves (unless authorized by the Government).

Determination of tax costs is subject to specific rules depending on the type of activity and the type of costs involved (development costs, production costs, administration costs and services).

The earnings arising from the assignment of interests in contracts entered into with the National Concessionaire are included for purposes of taxation with other income for the determination of the total income subject to Income Petroleum Tax.

The law does not specify whether only direct assignment of interests is subject to taxation or if indirect assignment should also be taxed.

Taxable income is determined by a Taxable Income Fixing Commission on the basis of the tax return filed by the taxpayer, the Commission being entitled to make corrections to the gross annual income and to the income deductions presented.

The applicable tax rate may vary between 50% and 65.75%, depending on whether the income is obtained through a production-sharing agreement or not.

The following are considered charges deductible from the assessment, provided they have not been included under tax-deductible costs and have actually been incurred in the fiscal year: *(i)* costs incurred for board and lodging, transportation and other purposes by Customs and Ministry of Mineral Resources, Petroleum and Gas officials engaged in inspection activities; *(ii)* costs of setting up and maintenance of tax offices; *(iii)* costs of hiring inspection, auditing and tax consultancy services undertaken by the Ministry of Finance; *(iv)* any costs and expenses incurred with activity of a technical, social or welfare nature or incurred by the taxpayer, where so requested by the proper authority.

If these charges, deductible from the assessment, cannot be deducted in the year they are actually incurred for lack of taxable income, they can be deducted in subsequent years.

PETROLEUM PRODUCTION TAX

Petroleum Production Tax is levied on the amount of crude oil and natural gas measured at the well-head, less quantities consumed in petroleum operations. This deduction shall be accepted only with the assent of the National Concessionaire.

The tax rate is 20%, and may be reduced to 10% in very specific situations, namely:

- oil operations in marginal fields;
- oil operations in maritime areas with water depths greater than 750 meters;

- oil exploration in hard-to-access onshore areas previously defined by the Government (this rate reduction is in the hands of the Government and is based on a reasoned request by the National Concessionaire).

This tax does not apply to entities associated through production-sharing agreements.

PETROLEUM TRANSACTION TAX

Petroleum Transaction Tax is levied on taxable income determined in the same way as the Petroleum Income Tax. However, this tax does not apply to entities associated through production-sharing agreements.

For this tax, the following are considered deductible expenses: *(i)* premiums on production volumes of oil and liquid gas, involving the possibility of deducting a percentage of the raw material in determining taxable income (agreed in the concession/operating agreement); and *(ii)* the investment premium, allowing deduction of a percentage of the investment (depending on the concession/operation).

Additionally, in relation to non-deductible costs, there are also the five major tax charges under the special sectoral taxation of petroleum activities, plus interest and other borrowing costs. The tax rate is 70%.

SURFACE CHARGE

The Surface Charge is levied on a concession or development areas (if any). It is levied at a fixed rate of USD 300 for each square kilometer licensed for oil activity and is payable by the associate entities of the National Concessionaire.

CONTRIBUTION TO ANGOLAN STAFF TRAINING (TRAINING LEVY)

The associate entities of the National Concessionaire are required to pay an Angolan Staff Training Contribution.

The contribution varies according to the activity carried out by a company in each year:

- companies holding a prospection license: USD 100,000 per year;
- companies in the search and reconnaissance phase: USD 300,000 per year;
- companies at the stage of production, processing and refining petroleum: USD 0.15 per barrel of crude oil per year;
- entities that engage in storage, transportation, distribution and marketing of petroleum products activities and entities that provide services to petroleum entities for more than one year: 0.5% rate of annual gross income or annual turnover respectively.

8. REAL ESTATE INVESTMENT

8.1. Restrictions on private ownership

The Angolan Constitution foresees private ownership alongside public and community ownership. However, it determines that ownership of land originally belongs to the State, which may, if it considers it appropriate for the public interest, transfer it to individuals. Land belonging to the public domain of the State is excluded from any transfers. Consequently, only the rights provided by law over land forming part of the private domain of the State may be transferred.

The legislation governing right of access to land is set out in the following legislation: Act no. 9/04, of November 9 (Land Act/*Lei de Terras*), and Decree no. 58/07, of July 13 (General Land Concession Regulations/*Regulamento Geral de Concessão de Terrenos*).

According to the Land Act, the State may transfer or create, for the benefit of natural or corporate persons, various rights to land forming part of its private domain and that can be assigned.

Although the Constitution allows ownership with some latitude, the Land Act is much more restrictive. Whilst it is possible to transfer ownership of certain categories of land, the transfer of State land almost never involves the transfer of its ownership, but only the creation of minor land rights (leasehold being the most common in Angola). An ownership right can only be transferred by the State to natural persons of Angolan nationality in respect of urban land that is assignable. It is therefore impossible to transfer the right to ownership of rural land, regardless of its being part of the State's public or private domain, to private-law natural or corporate persons.

8.2. Land rights

Land rights are rights that relate to assignable land forming part of the private domain of the State, which may belong to natural persons or public-law or

private-law corporate persons. These rights are transferred or assigned by the State and are provided for in the Land Act.

The land rights provided for by law are: *(i)* right of ownership; *(ii)* right of customary *dominium utile*; *(iii)* right of civil *dominium utile; (iv)* leasehold right; and *(v)* right to temporary occupation.

Holders of land rights must have due regard for the economic and social purpose that led to the grant of the said right, and also ensure effective, worthwhile use of the land under the said land right. The worthwhile and effective use of the land is determined in accordance with indices fixed by territorial management instruments that take into account the purpose for which the land is intended, the type of crops grown or the construction index.

Land rights may be transferred for a consideration or gratuitously.

8.2.1. Ownership right

A land ownership right is transferred by purchase and sale contract or by public auction, and is in principle perpetual.

As regards subsequent transfers, the State has right of first refusal in the case of sale, payment in kind or lease of the land.

However, in practice, the Angolan State does not often enter into any contracts for the purchase and sale of land. At present, only urban properties for residential purposes have been sold to individuals under the law applicable to the sale of State bound real estate (Act no. 12/01, of September 14).

8.2.2. Leasehold right

A leasehold right is the right to construct or maintain buildings on land belonging to others or to plant things or grow crops thereon.

It may be constituted in favor of domestic or foreign natural persons or corporate persons headquartered in Angola or abroad regarding urban and rural land forming part of the private domain of the State or local authorities.

The creation of a leasehold right requires the execution of a special concession contract (*contrato especial de concessão para a constituição do direito de superfície*) with the granting entity (a public authority which is often the Government of the Province where the land/property is). Such concession contract should be executed by means of a public deed before a notary.

This right is initially and provisionally created (as a rule, up to a maximum of five years), becoming permanent if, during the concession period, *the indices of worthwhile and effective use* previously established by the State (the grantor) are met and the land is definitively demarcated. This land right cannot be created for a period exceeding 60 years, but it is renewable for successive periods if neither party objects to such renewal. It can also be mortgaged.

By way of consideration, a leaseholder is required to pay an annual instalment for the concession, which is contractually established (to be paid annually or in a lump sum).

The transfer of the leasehold right requires the State's prior consent.

8.3. Leasehold rights concession contracts

The usual concession process comprises several stages:

- submission of an application;
- information to and opinions of the services and other entities that must be heard regarding the application;
- provisional demarcation of land, followed or not by public auction;
- assessment of the application and approval or rejection;
- final demarcation;
- conclusion of the concession contract;

- signature of the concession document and issuing of the concession title (if applicable); and

- registration of the creation/acquisition of the right in favor of the concessionaire with the Land Registry.

Specific rules apply to special processes, which include the right to temporary occupancy.

As a rule, the applicant or the holder of a concession right may be substituted in the concession or transfer the right granted by prior authorization of the authority responsible for the approval of the concession.

As regards the forms of termination of land concessions, the law provides that they expire:

- at the end of the term;

- when the land is used for purposes other than those authorized;

- when the land right granted is not exercised or the land granted is not made use of under the contractual terms and conditions or, if the contract is silent, during three consecutive or six non-consecutive years;

- where the land rights granted are exercised in violation of the economic and social purpose that justified the grant;

- in the event of expropriation on the grounds of public utility; and

- in case of the disappearance or destruction of the land granted.

As regards rural land, there are also the following causes of expiry:

- the use of the land does not start within six months after the grant or by the established deadline;

- it has not been used during three consecutive or six non-consecutive years;

- the purpose of the concession has been altered or the contractual clauses relating to the use of the land have not been complied with;

- the land has been sublet without prior authorization of the grantor or where it is prohibited.

If there is a declaration of expiry of the land right, the following revert to the ownership of the granting authority: *(i)* the land granted; *(ii)* the improvements incorporated into the land granted; *(iii)* as many twentieths of the price or instalments thereof as there are years in which the land was in the possession of the concessionaire without using it, any excess of the price being refunded to the concessionaire.

8.4. Rental

An urban rental agreement is a contract whereby one party undertakes to provide temporary enjoyment of an urban plot to the other, for a consideration (the rent). This agreement is governed by Act no. 26/15, of October 23 (Urban Rental Act/*Lei do Arrendamento Urbano*), which repealed Decree no. 43 525, of March 7 1961 (Tenancy Act/*Lei do Inquilinato*) and the provisions of the Angolan Civil Code.

Urban rental may be used for residential, commercial or industrial purposes, for liberal professions or for any other lawful purposes. The agreement must made be in writing, except where the need for a public deed is also imposed by law, that is: *(i)* rentals subject to registration (leases signed for more than six years as well any transmissions or sublets); and *(ii)* leases for commerce, industry or the exercise of a liberal profession. The new Urban Rental Act has imposed the obligation of obtaining a certificate of habitability to ascertain the suitability of the leased building, under penalty of a fine payable by the landlord, of a value of not less than three months of the rent.

Regarding payment of the rent, the new regime establishes free, conditioned and supported rental schemes. Furthermore, the amount of the rent must be fixed in national currency, and any clause providing for the payment in foreign currency is void. Additionally, the payment of rents for more than three months in advance is forbidden.

This regime also sets forth the possibility of updating rents by applying statutory, annually approved coefficients (in practice, as these legal coefficients have never been approved by the Angolan Government, no rents have ever been updated based on this regime) or by agreement between the parties in residential lease contracts executed under the free rental scheme and in leases intended for trade, industry or liberal professions in which the term of the relevant contract exceeds five years or no term has been agreed between the parties.

The possibility of concluding lease contracts for residential purposes with a minimum duration of five years, which may be reported by the landlord in its term without payment of compensation to the tenant, has also been introduced.

A rental agreement cannot be concluded for more than 30 years. Should the parties not have agreed on the duration of the agreement or the contract not been determined by law or by practice, it shall be considered as having been concluded for two years, except for residential rentals for short periods at beaches, spas or other holiday locations, houses inhabited by the landlord and rented during his/her absence, leases of non-habitable spaces for the posting of advertising, storage, parking of vehicles or other limited purposes specified in the contract, except when carried out in conjunction with leases of places suitable for housing or for trade, industry or exercise of a liberal profession, and leases subject to special legislation.

On its termination, the rental agreement is successively extended until the tenant opposes its extension, giving notice (ahead of the termination of the agreement or any renewal thereof) and meeting the formalities set out in the agreement or in law, but never less than provided for in the Civil Code, namely: *(i)* six months, if the term is equal to or greater than six years; *(ii)* 60 days, if the term is one to six years; *(iii)* 30 days, if the term is from three months to one year; and *(iv)* one third of the term if less than three months. The extension of the agreement shall be for the term agreed on or for a period identical to the initial term, provided it is not more than one year.

The landlord may terminate a rental (*i.e.* may oppose its extension) at the end of the term or extension thereof if he/she needs the property under very specific circumstances, notably for: *(i)* his/her own personal use, either for residential purposes, for either himself/herself or any direct relatives; *(ii)* if the landlord needs the building to build his/her own residence or the house for his/her first degree

descendants or ascendants; *(iii)* when the landlord wishes to enlarge the building or build new buildings in order to increase the number of leased properties and have the respective mass plan approved by the competent administrative authority; and finally *(iv)* when the building is degraded and it does not appear advisable, from a technical or economic perspective, to improve or repair it, and this is approved by the competent administrative authority of its mass plan.

Termination of the rental agreement may also occur through revocation, termination due to a breach of contract or expiry.

Revocation is the termination of a contract by agreement of the parties, which must be concluded in writing (where it is not immediately executed or whenever it contains compensatory or ancillary clauses).

Termination due to breach of contract is granted either to the landlord or to the tenant. Whilst the tenant has the right to terminate a contract in the case of a serious default attributable to the landlord, the landlord may only terminate the contract due to breach of contract under certain circumstances, notably: *(i)* non-payment of the rent at the right time or place; *(ii)* use or consent for others to use a leased building to an end or for a branch of business different from that or those to which it was intended; *(iii)* reiterated or customary use of the leased building for illicit, immoral or dishonorable practices; *(iv)* carrying out works in the leased building, which substantially alter its external structure or the internal layout of its parts, without the consent of the landlord, or the performance of actions that may cause considerable deterioration, and are not permitted and cannot be justified under the applicable legislation ; *(v)* subletting or lending, in whole or in part, the leased building, or assigning of a contractual position, in cases where this is unlawful, invalid for lack of form or ineffective in relation to the landlord, except in cases where the transfer of the use of the leased building has been recognized by the landlord.

Lastly, expiry is a form of termination which occurs automatically where certain legal requirements are met, as follows:

- upon the terms agreed by the parties or established by law; or

- when the rights or legal powers of administration under which a lease was concluded cease; or

- by the dissolution of the landlord's marriage if the leased building is of a marital nature, even if the spouse has granted authorization or consented;

- on the decease of the tenant (except for rentals for trade or industry) or by its extinction, if a legal person;

- in the event of loss of the property or expropriation for purposes of public utility (unless, in the latter case, the purpose of the expropriation allows the rental to continue).

Unless agreed otherwise or in the case of transfer of a business as a going concern (*trespasse*), a tenant can neither assign his contractual position nor sublease the leased premises without prior authorization of the landlord. Upon sale of the leased premises, the contractual position of the landlord is automatically assigned in favor of the purchaser of the leased premises. However, in the case of transfer of a business as a going concern the landlord has the right of option or preference over the transfer of the business by sale or in lieu.

Subletting is allowed when authorized by law, or where there is a consent of the landlord, provided it is given in writing or by public deed.

8.5. Land Registry

The Land Registry provides information on the ownership of rights over immovable property. The main effects of registration are the presumption that the registered right exists and belongs to the person in whose name it is registered (and is thus enforceable against third parties), together with the principle of priority (that is, any record registered first takes precedence over those that follow in respect of the same good, even if it is initially a provisional one, provided it has since been converted into a definitive one).

Legal facts involving recognition, acquisition, division, establishment, modification and encumbrance of rights regarding immovable property are thus, *inter alia*, subject to registration.

The constitution, recognition, acquisition, modification, renovation, transfer and extinction of land rights are also subject to registration at the Land Registry. The revision of concessions, determined by an authorization of alteration of their object or purpose or modification of their use, is also subject to registration.

Registration has to be applied for at the Land Registry of the area where the property is located within 90 days of the date on which the fact to be registered took place.

The registration may be applied for by: *(i)* any party to the legal relationship in question; *(ii)* any person having an interest therein or who is bound to undertake the registration; *(iii)* an attorney with sufficient powers for it; or *(iv)* lawyers, whose powers of representation are presumed.

Lastly, the Joint Executive Decree no. 249/20, of October 12, approves the zero cost of the first registration of rural land recognized and granted under the *Minha Terra Program* (which seeks the promotion of the registration and securitization of rural land in favor of local communities and agricultural cooperatives), and of the first Land Certificate, with a view to removing costs and facilitating the process of formalization and granting of rural land in favor of Local Communities, and regulates the period of exemption.

8.6. Tourism

Tourism Undertakings include Hotel Establishments, Tourism Complexes and other types of Tourist Accommodation and are subject to specific requirements regarding their installation, classification and operation, which are defined in the Legal Tourism Undertaking Regime (Presidential Decree no. 36/16, February 15 – LRTU). The setting up of tourism developments is subject to licensing in accordance with the above-mentioned regime.

i) Prior information

Any interested party may file a request with the Ministerial Department responsible for Hotels and Tourism (currently the Ministry of Culture and Tourism).and the respective Provincial Government to obtain prior information

on how, where and what is needed to set up a Tourism Undertaking and what the urban planning conditions applicable are.

ii) Approval of the location of the project

Any private entity aiming to develop a Tourism Undertaking must ask for prior approval on the relevant project location from the Ministry responsible for Accommodation and Tourism.

The request for approval must be submitted alongside various technical documents foreseen in the LRTU, namely maps and plans including a detailed description of the features of the Tourism Undertaking in question, such as areas for construction, areas for parking, leisure areas, total number of bedrooms and beds, etc.

iii) Approval of the project

Once the location is approved, the interested party must submit the preliminary project or (definitive) project for approval by the Ministry responsible for Accommodation and Tourism, within a timeframe to be determined, on a case-by-case basis, by the said Ministry, which may be between 3 and 12 months. If the project (either in a preliminary or a definitive version) is not submitted within the determined timeframe the approval of the location expires.

iv) Licensing or Prior Communication

Urban planning operations relating to the construction or installation of Tourism Undertakings are governed by RLLUC (Decree no. 80/06, October 30 – Regulation on the Licensing of Allotment Operations and Construction Works), meaning that urban operations in the tourism sector may be either subject to licensing or prior communication regimes depending on the type of works to be performed.

The issuing of the license and acceptance of the prior communication depends on the favorable opinion of the Ministry of Accommodation and Tourism.

Whenever a certain Tourism Undertaking project is subject to an environmental impact assessment procedure and is located, in whole or in part, in areas included

in Environmental Protection Zones, it is mandatory to obtain the opinion of the Ministry responsible for the Environment.

v) Classification of Tourism Undertakings

Tourism Undertakings are categorized in accordance with the quality of their services and facilities. For instance, hotels are rated from one star to five stars. The Ministry responsible for Accommodation and Tourism is the public authority with responsibility for awarding this classification.

vi) Tourism Development Hubs – Pólos de Desenvolvimento Turístico

Tourism Development Hubs are certain areas created in Angolan territory to foster tourism, such as Cabo Ledo (Bengo Province), Okavango Bay (Cuando Cubango Province) or Calandula (Malanje Province).

Each Tourism Development Hub is governed by a specific legal framework and the creation of *in rem* rights in these areas must comply with specific requirements set forth therein. For instance, the public entity granting the surface right is, as a rule, the Government of the Province, but the public authority managing the Tourism Development Hub has the power to enter into promissory contracts and to conduct a preliminary review of a file applying for the granting of the surface right.

9. CAPITAL MARKETS

9.1. Introduction

The rules applicable to the capital markets are provided in the Securities Code (SC) approved by Act no. 22/15, of August 31 (amended by Act no. 9/20, of April 16), which establishes the Legal Framework applicable to Securities and Derivatives.

In particular, the SC governs the supervision and regulation of securities, their issuers, public offerings, the markets regulated and their respective infrastructures, prospectuses, investment services and investments in securities and derivatives, together with the penalties applicable thereto.

These regulations apply to situations, activities and actions with a significant connection to the Angolan jurisdiction, particularly companies or collective investment undertakings with securities that are traded in regulated markets.

9.2. Markets

The agents which coexist in the regulated Angolan securities market are: the stock market (the Securities and Derivatives Exchange of Luanda, *Bolsa de Valores e de Derivados de Luanda*) and the over-the-counter market. The management of regulated markets is undertaken by the Debt, Securities and Derivatives Exchange Management Entity (*Bolsa de Dívida e Valores de Angola – Sociedade Gestora de Mercados Regulamentados, S.A.*, BODIVA, SGMR, S.A.), which is also charged with the admission thereto of potential members and financial instruments. BODIVA, SGMR, S.A. is also responsible for ensuring the inclusion of securities issued in a centralized market system, the Angolan Securities Market System (*Central de Valores Mobiliários de Angola*/CEVAMA).

More recently, CMC Regulation no. 1/19, of February 5, expanded on the regime applicable to the entities who manage the regulated markets through Legislative Presidential Decree no. 5/19, of May 2, the statute which established the legal regime applicable to guaranteeing funds of entities who manage the regulated

markets, clearing houses, central counterparty clearing and centralized market systems.

9.3. Capital Markets Commission

The Capital Markets Commission (*Comissão do Mercado de Capitais*/CMC) is the public entity responsible for regulating, supervising, overseeing and promoting the capital markets and the activities undertaken by the agents which, directly or indirectly, intervene in such markets.

Among the main statutory powers of the CMC are: *(i)* the supervision of regulated markets, public offerings, payment and settlement and the centralized market systems; and *(ii)* regulation of the securities and derivatives market, public offerings and the activities carried out by entities under its supervision remit. These entities are:

a) Entities who manage the regulated markets, payment systems, clearing houses, central counterparties and securities market systems;

b) Intermediaries, investment consultants and independent financial analysts;

c) Issuers of securities;

d) Institutional investors and holders of qualified shareholding interests;

e) Auditors and credit rating agencies registered with the CMC;

f) Other entities whose principal or secondary activities pertain to the issuance, distribution, negotiation, registration or deposit of securities and derivatives or, in general, to the organization and operation of securities and derivatives markets;

g) Entities which are subcontracted by the aforementioned entities;

h) Entities which carry out these activities across borders, provided such activities have a significant connection with regulated markets, operations, securities or derivatives which are subject to Angolan law.

9.4. Occasional and regular disclosure of information

Publicly traded companies are subject to the disclosure obligations established in the SC, which impose on these companies a duty to regularly disclose information to the CMC, the market and the public at large.

The CMC operates an IT system designed for the disclosure of such information, making it accessible to the public, and which includes, *inter alia*, information relating to registrations, decisions of public interest and other information which is either communicated to the CMC or approved by it, such as privileged information, information on qualified shareholding interests, accounting documents and prospectuses. It is therefore through such system that information is to be disclosed.

QUALIFIED SHAREHOLDINGS

Whoever obtains or exceeds 5%, 10%, 15%, 20%, 25%, one-third, one-half, two-thirds or 90% of the voting rights corresponding to the share capital of a publicly traded company and whoever ceases to hold the voting rights corresponding to the share capital at any of these thresholds must notify the CMC and the publicly traded company itself, within three business days.

ANNUAL AND BIANNUAL FINANCIAL INFORMATION

Publicly traded companies are bound to annually disclose a set of financial information, which includes, most importantly, the following:

a) The management report and annual accounts;

b) The report prepared by the external auditor, which includes an estimate on the progress of the business and the economic and financial status referred to in the management report.

In addition, the issuers of debt securities that are admitted to trading on a regulated market must disclose financial information relating to the first six months of each year, as follows:

a) Consolidated financial statements;

b) An interim management report which must encompass, at least, an indication of any notable events occurring during the period reported upon and the impact of such notable events on the respective financial statements, together with a description of the main risks and uncertainties for the subsequent six months.

In special circumstances, the CMC may establish mandatory disclosure of information on a quarterly basis.

DISCLOSURE OF PRIVILEGED INFORMATION

The issuers of securities that are admitted to trading on a regulated market in Angola must immediately disclose any privileged information of which they become aware, *i.e.* information which: *(i)* directly concerns them or the securities issued by them; *(ii)* is deemed to be of an accurate nature; *(iii)* has not been made public; and *(iv)* if it were made public, would be likely to materially impact the price of the securities or related underlying or derivative instruments.

Nevertheless, a statutory exception to the aforementioned disclosure is permitted, under which issuers may defer public disclosure of privileged information, provided:

a) The immediate disclosure is likely to harm the legitimate interests of the issuer;

b) The deferral is not likely to mislead the public; and

c) The issuer demonstrates that it will be able to keep such information confidential.

COMMUNICATION OF TRANSACTIONS BY CORPORATE OFFICERS

Corporate officers – members of the management and supervisory bodies and those who, despite not being a part of those bodies, have regular access to privileged information and participate in management and business strategy decision-making procedures – of an issuer of securities admitted to trading on a regulated market or

of a company that controls such an issuer (plus persons closely related thereto) are bound to inform the CMC of all transactions carried out by themselves, by third parties, or by the latter on behalf of the former, concerning the shares of such issuer or any securities and derivatives related to such shares.

9.5. Take-over bids

GENERAL RULES

Take-over Bids:

a) Are subject to registration with the CMC;

b) Involve the preparation of a prospectus, its approval by the CMC and subsequent publication;

c) Require the intervention of an intermediary, to be engaged from the preliminary announcement onwards.

MANDATORY TAKE-OVER BID

The launch of a take-over bid (over all the shares and other securities issued by a company which grant subscription or purchasing rights) is mandatory whenever a participant, either directly, or due to the application of the rules on attribution of voting rights, exceeds one-third or half of the voting rights corresponding to the share capital.

There is, however, an exception: a public offer will not be mandatory when, even if the one-third threshold is exceeded, such entity demonstrates, to the CMC, that it does not control and is not part of the same corporate group as the relevant company.

The price of the mandatory public offer shall be equal to or greater than the highest of the following amounts:

a) The highest price agreed by the offeror or any person whose voting rights are attributable to the offeror, for the acquisition of securities of the same

category, in the six months immediately preceding the date of the preliminary announcement of the offer;

b) The weighted average price of such securities as calculated in the regulated market during the same period.

OTHER RULES

The offeror, the target company, its shareholders, its corporate officers and whoever provides services to the target company on a permanent or regular basis, are bound to keep the public offer confidential up to the disclosure of the preliminary announcement.

From the disclosure of the preliminary announcement and up to the assessment of the outcome of the public offer, the offeror and the entities whose voting rights are attributable to the offeror: *(i)* may not trade securities of the same category as those which are the subject of the offer outside the regulated market, unless the CMC so approves, with a previous statement issued, for such purposes, by the target company; *(ii)* must disclose to the CMC, on a daily basis, any transactions carried out by each of them involving securities issued by the target company or of the same category as those which make up the price.

As soon as it becomes aware of an intention to launch a take-over bid over more than one third of the securities of a given category and up to the final assessment of the outcome of the offer or its termination, the management body of the target company is barred from carrying out any acts which might significantly impact the financial standing of the target company, are beyond the day-to-day management of the company, or could significantly impact the objectives pursued by the offeror (passivity rule).

The management body of the target company must, within eight days after receiving the draft prospectus and the launch announcement, and within five days after their amendment or the disclosure of an addendum to the offer documents, submit, to the target company and to the CMC, and disclose to the public, a management report on the opportunity and the conditions of the offer.

9.6. Public subscription and distribution offerings

GENERAL RULES

Public subscription offerings (in the form of an incorporation or increase of share capital) or distribution offerings (in the form of a share sale):

a) Are subject to registration with the CMC;

b) Involve the preparation of a prospectus, its approval by the CMC and subsequent publication;

c) Require the intervention of an intermediary, to be engaged from the preliminary announcement onwards.

DEFINITION OF PUBLIC OFFER

Offers are deemed to be public when:

a) The offer relates to securities and is addressed, in whole or in part, to undetermined addressees, with the definition of undetermined addressees including when an offer is formalized through various standardized communications or the addressees are even individually identified;

b) It is generally directed at the holders of shares in a publicly traded company, even if its share capital is represented by nominative shares;

c) It is, in whole or in part, preceded or accompanied by an assessment of investment intentions with undetermined addressees or by an advertisement;

d) It is directed at a minimum of 150 people who are non-institutional investors domiciled or established in Angola.

PRIVATE OFFERINGS

Private offers are those which are not deemed to be public, although an offer will always be construed as private:

a) When the offer relates to securities and is solely addressed to institutional investors;

b) When they are subscription offers addressed by private equity companies to their own shareholders (excluding the type of offer referred to in point b) of the preceding section '*Definition of public offer*').

The following entities are considered institutional investors:

a) Financial banking institutions;

b) Non-banking financial institutions operating in capital markets and investment;

c) Non-banking financial institutions operating in currency and credit markets;

d) Non-banking financial institutions operating in insurance and social security markets;

e) Financial institutions authorized or regulated in a foreign jurisdiction which are subject to an analogous framework to the one established for the institutions referred to above;

f) Nation-states, the central bank and the public bodies that manage public debt, and supranational or international institutions.

For other purposes, except within the context of public offers, entities which have requested to be treated as institutional investors may be deemed as such.

9.7. Prospectus

The preparation and approval or registration of a prospectus with the CMC is mandatory in take-over bids, in public subscription or distribution offers where the securities arising therefrom are intended to be admitted to trading in a regulated market, and upon the incorporation of the majority of collective investment undertakings.

INFORMATION

A prospectus must contain complete, truthful, up-to-date, clear, objective and lawful information enabling addressees to form a solid judgment on the securities, the rights inherent thereto and their specific features, the issuer's assets, economic and financial standing and forecasts relating to the development of its activity and the results of the issuer and any guarantor, together with the characteristics of the public offer itself.

LIABILITY FOR THE PROSPECTUS REGARDING A PUBLIC OFFERING

The following entities will be liable for damages caused by non-compliance of a prospectus with the rules described in the previous section (*Information*), unless they are able to demonstrate they acted without fault:

a) The issuer;

b) The members of the issuer's management body;

c) A potential guarantor;

d) The members of the management body of the potential guarantor;

e) The members of the supervisory body of the issuer, accounting firms, accounting experts and auditors of the issuer or otherwise anyone who assessed the financial statements on which the prospectus is based upon;

f) Any other entities which consent to being indicated, in the prospectus, as responsible for any of the information, forecasts or analyses supplied therein;

g) The offeror;

h) The members of the offeror's management body;

i) The promoters, in the case of a share subscription offer in a company being incorporated;

j) The intermediaries assisting in the offer;

k) In the case of admission to trading, the applicant of such admission;

l) In the case of admission to trading, the members of the management body of the applicant of such admission.

Fault, under the SC, is assessed in accordance with a high threshold of professional due care.

The statutory provisions on liability for prospectuses are not waivable or open to alteration by contractual agreement.

EXCLUSION OF LIABILITY

Liability is excluded if:

a) Any of the persons referred to above as potentially liable for the content of a prospectus, demonstrate that an addressee was aware or should have been aware of the inaccuracy in the content of the prospectus, at the time it made an offer or at the time the withdrawal of such offer was still possible; or

b) The damages arise exclusively from the summary of the prospectus, unless such summary contains any misleading, imprecise or incoherent information when read in combination with the remaining documents which make up the prospectus.

LIABILITY REGARDLESS OF FAULT

In certain circumstances, the issuer, guarantor, offeror, applicant for admission to trading and entity in charge of a market placement consortium are deemed to be liable regardless of fault.

JOINT LIABILITY

If there is more than one person liable for the damages caused, their liability is joint and several.

COMPENSATION

The compensation due for damages caused or arising from a prospectus is intended to cover any losses caused and to return the party compensated to the same situation where it would be if, at the moment of the acquisition or sale of the relevant securities, the content of the prospectus had been compliant with the rules described in the preceding section (*Information*).

The claim for damages must be grounded on such rules and must be filed within a six-month period after the claimant becomes aware of the inaccuracy in the prospectus. In turn, the compensation right terminates two years counted from:

a) When the results of the offer are disclosed – in a public offer prospectus;

b) The date the prospectus is disclosed – in a prospectus for the admission to a regulated market.

9.8. Intermediary activities

The Legal Framework for Security Brokers and Dealers (approved by the Legislative Presidential Decree no. 5/13, of October 9) regulates an essential form of intermediation of securities in capital markets: the activity undertaken by security brokers (*sociedades corretoras*/SCVM) and security dealers (*sociedades distribuidoras*/SDVM).

These non-banking financial institutions have, as a general task, the intermediation of securities in capital markets. The law confers the following responsibilities to SCVMs:

a) Receiving transfer orders on behalf of third parties;

b) Executing orders on behalf of third parties within or outside the regulated markets;

c) Managing discretionary portfolios and collective investment undertakings;

d) Investment consultancy, including the preparation of assessments, financial analyses and other general recommendations;

e) Registration, deposit and custody services;

f) Unsecured placement in public offerings; and

g) The provision of any foreign exchange services necessary for the performance of the services listed above.

These activities may also be carried out by SDVMs, excluding the management of discretionary portfolios, the management of collective investment undertakings and investment consultancy (including preparation of assessments, financial analyses and other general recommendations). Furthermore, SDVMs are, additionally, allowed to:

a) Trade and manage their own portfolio;

b) Assist in public offers and act as consultants on capital structure, industrial strategy and mergers and acquisitions of companies;

c) Underwrite securities and carry out secured placements in public offers; and

d) Granting credit, including the lending of securities, in the context of operations where the credit grantor is involved.

The beginning of operations by SCVMs and SDVMs is subject to prior registration with the CMC, the procedure of which is detailed in CMC Regulation no. 1/15, of May 15, which also regulates the legal duties applicable to their activity, organization and supervision, and also the exercise of the activity via a correspondent.

9.9. Collective investment undertakings

Collective investment undertakings (CIUs) have a specific legal framework provided for in Presidential Legislative Decree no. 7/13, of October 11, which approved the Legal Framework for Collective Investment Undertakings (*Regime*

Jurídico dos Organismos de Investimento Colectivo/RJOIC), which was, in turn, further regulated by CMC regulations, in its capacity as the regulator and supervisor of these entities (particularly, CMC Regulation no. 4/14, of October 30, which governs the technical rules applicable to CIUs). Recently, a public consultation was launched by the CMC, which presented a proposal for the revision of the RJOIC and collected feedback on the said proposal from different players of the sector.

CIUs are collective investment undertakings funded by contributions collected from the public and aiming to invest the capital collected in accordance with risk diversification principles and in the interest of the participants. CIUs may be contractual in nature – investment funds – or follow the corporate model – investment companies – and differ in accordance with the fixed (closed-end funds or fixed capital companies, respectively) or variable (open-end funds or variable capital companies, respectively) nature of their share capital. Open-end funds (or variable capital companies) are subject to share capital redemptions and subscription during their entire lifetime, at their investors' discretion. Closed-end funds (or companies with fixed capital) are merely subject to subscription at their incorporation or in the event of a share capital increase and may not be subject to redemption; investment and divestment are made through the sale of the shareholding interest or, in the specific case of divestment, in the winding-up phase upon termination of the CIU.

The collecting of investors' subscriptions to closed-end funds (or companies with fixed capital) can be done through public offers (with the application of the rules set out in the SC for public offers whenever such provisions are not incompatible with the RJOIC) or private subscription.

Open-end funds (or variable capital companies) and closed-end funds (or fixed capital companies) incorporated through public subscription of share capital are evidently subject to stricter regulation and observe greater restrictions on investment than closed-end funds (or fixed capital companies) incorporated through private subscription of share capital.

CIUs in a contractual form, due to their lack of legal personality, are mandatorily managed and represented by a third party (managing entity), while CIUs under a corporate form may also delegate their management to third parties or, by complying with additional regulatory requirements, carry out their own management.

A CIU may invest in movable or immovable assets, depending on whether its principal object is the investment in movable assets (which are generally admitted to trading on a regulated market) or, alternatively, in real estate assets.

The supervision and regulation of CIUs and entities related thereto (managing entities, marketing or placement entities, depositaries, auditors and real estate appraisers) falls under the remit of the CMC; the incorporation of CIUs is, in fact, conditional to the previous approval of the CMC.

9.10. Securitization investment undertakings

A securitization operation is the assignment of credit rights capable of generating cash flow, whereby such instruments serve as security for those legal rights and are represented by tradeable securities.

Securitization investment undertakings, despite being legally equivalent to CIUs investing in movable assets, are also subject to specific regulations foreseen by Presidential Legislative Decree no. 6-A/15, of November 16, which was subsequently regulated by CMC Regulation no. 3/19, of February 5, which establishes the procedures for authorizing the incorporation of securitization investment undertakings as well as the beginning of their activity.

Like the CIUs described in the previous section, securitization investment undertakings may be incorporated under a contractual – securitization investment funds (*fundos de investimento de titularização*/FIT) – or corporate structure – securitization investment companies (*sociedades de investimento de titularização*/SIT). The minimum share capital for both FITs and SITs is of AOA 40 million, and the share capital of SITs must be represented by nominative shares.

The participation units and securitized bonds issued by securitization investment undertakings may be traded exclusively by institutional investors or, alternatively, any other class of investor, including the general public. They may also be admitted to trading in regulated markets.

The following entities may have their credit rights subject to securitization:

a) The State and other public entities;

b) Banking and non-banking financial institutions;

c) Insurance companies;

d) Pension funds;

e) Pension fund managing entities; and

f) Other legal persons whose accounts have been audited by a CMC certified auditor for the preceding three years.

On the other hand, the credit rights which may be made subject to securitization have to satisfy the following requirements:

a) Be executable or, if only executable in the future, the underlying obligation thereto must be executable and the executable amount known, determinable or appraisable;

b) Be of a pecuniary nature;

c) Be exempt from any transfer limitations, of a legal or contractual nature;

d) Their existence cannot subject to any condition or time limit;

e) Their existence cannot be subject to a judicial decision, or granted as security, seized by court order, or subject to any charge or encumbrance.

The supervision of securitization investment undertakings is carried out by the CMC, and their incorporation is only possible upon the approval of the CMC.

9.11. Private equity

The Legal Framework for Collective Private Equity Investment Undertakings (*Regime Jurídico dos Organismos de Investimento Colectivo de Capital de Risco*/RJOICR) was approved by Presidential Legislative Decree no. 4/15, of September 16, which, in turn, was further regulated by CMC Regulation no. 2/19, of February 5. Private equity investment is made through specific collective investment undertakings

which may be either: *(i)* private equity funds; *(ii)* private equity investment companies; or *(iii)* private equity investors.

Private equity investment is defined as the acquisition, for a limited period of time, of equity instruments (typically shares or quotas and some shareholder' loans) and debt capital instruments (usually shareholder loans or bonds) in developing companies (which may include start-up businesses, expanding businesses or companies in financial difficulties) contributing to such businesses' development and expecting to profit from their respective revaluation.

The minimum share capital of private equity investment companies, private equity investors and private equity funds is of AOA 40 million. In the case of private equity funds, the minimum share capital must be entirely paid up when the application for registration is submitted to the CMC by its respective management entity. However, the paying-up of share capital beyond the minimum limit may be deferred to a later stage.

Private equity investment vehicles may be solely addressed to institutional investors or, alternatively, addressed to the public at large, and the securities which represent their share capital may be admitted to trading on a regulated market. Nevertheless, the incorporation of open-ended private equity investment vehicles is prohibited.

As in the case of the CIUs described in chapter 9.9 above, private equity investment vehicles of a contractual nature are managed by a third party that must be qualified as such. Private equity investment companies may also, like CIUs, be self-managed or have a mixed management.

The entities managing private equity funds, together with private equity investment companies and private equity investors are also subject to biannual reporting duties (in addition to the usual annual disclosure obligations). Accordingly, the afore-mentioned entities are bound, by the end of the second month after the end of each semester, to submit the following information to the CMC:

a) The composition of their investment portfolio;

b) Their capital, performance and commissions paid;

c) Their participants and the participation units;

d) Assets purchased and sold; and

e) Their accounts.

Responsibility for the supervision and regulation of private equity investment vehicles and entities related to CIUs (managing entities, trading or placing entities, depositaries and auditors) lies with the CMC, and their incorporation is also subject to the approval of the CMC.

9.12. Sanctioning regime

The SC establishes a sanctioning regime, which provides for both crimes and infractions.

CRIMES

The following acts are considered crimes against the market:

a) Abuse of inside information, defined as "having inside information by virtue of one's capacity as a member of a managing or supervisory body of an issuer or of a shareholder, or of one's employment or through the provision of the services, on a permanent or regular basis, to an issuer or other entity, of a profession or public office that one exercises, or having by any means obtained inside information through an unlawful act or through an act which entails an unlawful act, and disclosing it to someone else outside the normal course of one's activity, or, due to having such information in one's possession, trading or advising someone to trade in securities or derivatives, or ordering their subscription, purchase, sale or exchange, directly or indirectly, for oneself or for others" (our translation);

b) Market manipulation, which is defined as "one who discloses false, incomplete, exaggerated or biased information, engages in fictitious operations or otherwise carries out other fraudulent activities that are capable of artificially altering the normal functioning of the securities and derivatives market, even if negligently" (our translation).

These crimes are punishable by imprisonment of up to five years or a fine of up to 300 days.

INFRACTIONS

The SC also defines several types of infractions (the provision was amended by Act no. 9/20, of April 16), which are classified either as "very serious", to which the fines applicable are between AOA 10,560,001 and AOA 392,480,000, "serious", which are subject to fines between AOA 3,520,001 and AOA 10,560,000 or "less serious", which are subject to fines between AOA 352,000 and AOA 3,520,000 (for example, omitting to mention public company status in external acts is a *less serious* infraction).

Several ancillary sanctions may also apply, such as:

a) Seizure and loss of the gains obtained through the infraction, including the proceeds gained by the offender through the infraction;

b) Suspension from exercising the profession or activity in which the infraction was carried out;

c) Ban from exercising management, administration, leadership or supervisory roles and, generally, from representing any intermediary in the context of some or all securities and derivatives intermediation activities.

Responsibility for the processing of infractions, and application of fines and ancillary penalties is attributed to the board of directors of the CMC, although its decisions are open to challenge.

9.13. Debt securities

In 2020 a concern emerged about regulating the framework to be given to certain debt securities, in line with the legislative trend in other jurisdictions, with in particular Legislative Presidential Decree no. 1/20, of January 6, which regulates the legal regime for equity securities (*títulos de participação*) that are essentially debt securities issued by public companies, and Legislative Presidential Decree no. 6/19,

of May 2, which was passed to regulate the legal regime applicable to securities of a monetary nature, usually referred to as "commercial paper".

9.14. Prevention and combat of money laundering, financing of terrorism and proliferation of weapons of mass destruction

Further to the ratification by the Republic of Angola of the United Nations Conventions against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, against Transnational Organized Crime and for the Suppression of the Financing of Terrorism, Act no. 5/20, of January 27, was approved regarding the prevention and combat of money laundering, financing of terrorism and proliferation of weapons of mass destruction (BCFT Regime). Later on, Act no. 5/20 was amended by Act no. 38/20, of November 11, which approved the new Criminal Code.

In accordance with international practice in this matter, the entities subject to the BCFT Regime include financial institutions and a vast array of non-financial institutions, such as *(i)* accountants and lawyers, *(ii)* entities which manage investment funds, securities or other assets of a different nature and carry out activities involving creation, operation or management of legal persons or collective interest centers with no legal capacity, *(iii)* entities managing regulated markets, and *(iv)* anyone carrying out real estate intermediation.

The entities which are subject to the BCFT regime are bound, whilst exercising their respective activities, to comply with the following general obligations: *(i)* risk assessment, *(ii)* due diligence identification, *(iii)* refusal, *(iv)* conservation, *(v)* communication, *(vi)* abstention, *(vii)* cooperation and supply of information, *(viii)* confidentiality, *(ix)* control, and *(x)* training.

Beyond these general obligations, which apply to all entities subject to the BCFT Regime, the latter also provides for obligations which are specific to non-financial entities and which are set out for each relevant type of activity.

10. PUBLIC PROCUREMENT

10.1. Public Contracts Law

A new legal framework for the preparation and execution of public contracts was recently approved. Act no. 41/20, of December 23 – Public Procurement Law (*Lei dos Contratos Públicos*/PCL, aims to improve the existing legal framework and make preparation and execution of public contracts more effective and efficient.

Compared to the previous Procurement Law (the repealed Act no. 9/16, of June 16), the PCL has a wider subjective scope of application and now covers the following entities ("public contracting entities"):

The new Public Procurement Law and the performance of public contracts is governed by Act no. 41/20, of December 23 – Public Contracts Law (*Lei dos Contratos Públicos*/PCL) –, and applies to the following entities ("public contracting entities"):

- President of the Republic;
- Central state and local government authorities;
- National Assembly;
- The courts;
- Attorney General of the Republic;
- Independent Institutions and Administrative Bodies;
- Embassies and other forms of representation of Angola abroad;
- Local authorities;
- Public institutes;

- Public funds;
- Public associations;
- Public companies, public domain companies, and public companies that receive funds from the General State Budget; and
- Any bodies governed by public law, defined by the PCL as legal persons which, regardless of their nature, pursue the public interest without commercial or industrial objectives and which, in their pursuit, are controlled or financed by the Angolan State through the General State Budget.

The following types of contracts are covered by the public procurement and performance of public contracts framework: *(i)* public works contracts; *(ii)* leasing and acquisition of movable property; *(iii)* acquisition of services; (*iv*) procurement of contracts which are not subject to specific legislation; *(v)* procurement of contracts carried out through a Public-Private Partnership; *(vi)* contracts entered into by defense, security and internal order bodies generally and *mutatis mutandis*; *(vii)* concession of public works; *(viii)* concession of public services; *ix*) exploitation of public domain; and *x*) commercial contracts arising from financing.

The PCL now covers six types of procedure for the awarding of the foregoing contracts, as follows:

- Public Tender – a procedure that begins with the publication of a notice in the Official Gazette (*Diário da República*), the Public Procurement Portal and a widely read national newspaper (it can also be made public through notices). If it is open to foreign entities, adequate advertising of the tender must be guaranteed. All entities that meet the requirements of the notice or tender program can bid (except the entities prevented from doing so under the Law);
- Limited Call for Tenders by Prior Qualification – a procedure where the public contracting entity allows for any interested party to be able to bid, which the selected bidders are invited to present their bids pursuant to the assessment of their technical and financial capacity. The procedure includes

the following phases: *(i)* submission of application and qualification of the bidders; *(ii)* submission, analysis and assessment of the bids; and *(iii)* award;

- Limited Call for Tenders by Invitation – a procedure in which the contracting public entity invites several natural persons and legal persons to submit a bid, based on their record as suppliers or on a knowledge of their ability and credibility for the performance of the contract in question, although no less than three entities may be invited;

- Simplified Tender Procedure – procedure whereby the contracting public entity invites one natural person or legal persons to submit a bid, choosing freely who that entity is (based on the knowledge it has of potential bidders). The communication of the invitation is made in writing and is published in the Public Procurement Portal;

- Dynamic Electronic Procedure – procedure particularly suitable for contracts for goods and services that are usually or periodically purchased by contracting public entities. The procedure takes place entirely on the Angolan Public Procurement Portal, where interested parties register as suppliers of the Angolan State and specify the goods and services they offer;

- Emergency Procurement Procedure – a procedure in which the contracting public entity requests a natural or legal person to submit a proposal or invoice to deal with unforeseeable situations objectively classified as emergencies, under the PCL.

Procurement procedures begin with the decision to contract, taken by the body responsible for authorizing expenditure by the contracting public entity. It is up to that same body to choose the procurement procedure, which must be justified. The choice of one of these procedures may be determined by the estimated value of the contract, or by material criteria which dictate the choice of the Simplified Tender Procedure or Emergency Procurement Procedure, regardless of the value and object of the contract.

In all the tender procedures indicated above, there may be a period for negotiation of bids.

The PCL contains several measures for the "promotion of Angolan business", introducing differentiated treatment for domestic and foreign entities, of which we highlight:

- if the criterion used for the award is the lowest price, the tender program or the call for proposals may set a preference margin for the prices proposed by national bidders, of up to 10% of the price proposed by them;

- if the criterion used for the award is that of the economically most advantageous bid, the tender documents may establish an increase in the overall score awarded to the bids of national bidders, if it does not exceed 10% of that score;

- the inclusion of rules pertaining to the granting of a higher score to goods produced, extracted or cultivated in Angola in the tender documents is allowed;

- in tender procedures where the bidder intends to use subcontractors, it is possible to impose a minimum percentage of the value of the subcontracted services to be reserved for national natural persons or corporate entities;

- participation of foreign entities in contract-formation limited to the following:

  – procedures where the estimated value of the contract to be awarded is equal to or greater than AOA 500 million in the case of construction works, or AOA 182 million in the case of acquisition of movable property, and services;

  – procedures whose estimated value is less than that indicated in the previous paragraph: *(i)* where, by virtue of the technical specificity of the services covered by the contract, it can reasonably be expected that no national natural persons or legal person can properly perform the contract; or *(ii)* in design tenders (except those cases in which the public contracting authority expressly restricts their participation).

The entity responsible for regulating and overseeing public procurement must maintain an up-to-date list of non-compliant natural persons or legal persons, to be

published in the Public Procurement Portal. To this end, contracting public entities must, annually, provide a detailed report on non-complying companies to this entity.

The new PCL excluded the bid security that contracting public entities could require from bidders in order to maintain the bid presented during the tender. This adjustment aims to encourage the participation of more bidders.

On the other hand, performance security to guarantee proper execution of a contract has been maintained, with a minimum amount of 5% and a maximum amount of 15% of the overall value of the bid awarded (as established in the tender procedure).

The new PCL also establishes, for the first time, a set of rules on infractions and the corresponding fines and accessory sanctions, and the possibility for the body responsible for the regulation and supervision of Public Procurement to suspend potential suppliers from bidding. New powers to supervise the award procedures and the execution of contracts have been given to this body.

The PCL also contains rules on the materiality of public works contracts, leasing and acquisition of movable property, acquisition of services and concession of public services and works.

10.2. Court of Auditors

Also relevant is the Court of Auditors Organic and Procedure Act (*Lei Orgânica e do Processo do Tribunal de Contas*, Act no. 13/10, of July 9, amended by Act no. 19/19, of August 14), which is closely linked to the business of public procurement.

According to this legislation, contracts of value not less than that prescribed in the General State Budget Act or an equivalent provision by a local administration are subject to the preemptive supervision of the Court of Auditors, which can grant or refuse prior approval. The General Budget Act annually establishes, depending on the contracting public entity, the values of contracts subject to preemptive supervision by the Court of Auditors.

Contracts must be submitted to the Court 30 days after their signature and, in the absence of a decision, 30 days after their reception by the Court they are considered

approved; should the Court request additional or missing elements, the term is suspended until such time as they are delivered. Contracts subject to prior approval by the Court of Auditors may only begin to be executed after the approval is issued and are legally ineffective up to that moment.

11. LAND USE AND URBAN PLANNING

Apart from compliance with the Land Act (*Lei de Terras*, Act no. 9/04, of November 9), the Angolan Urban Planning and Licensing legal framework rests on three main pillars:

i) the Law on Territorial and Urban Planning (*Lei do Ordenamento do Território e do Urbanismo*) (LOTU);

ii) the General Regulations for Territorial, Urban and Rural Planning (*Regulamento Geral dos Planos Territoriais, Urbanísticos e Rurais*) (RGPTUR); and

iii) the Regulation on Licensing of land division operations, and urbanisation and construction works (*Regulamento de Licenciamento das Operações de Loteamento, Obras de Urbanização e Obras de Construção*) (RLLUC).

LOTU governs both rural and urban land and requires territorial development plans at central, provincial and municipal levels.

In Angola, there are four main types of land use plans:

i) POOTN – National Plans (in Portuguese, *Principais Opções de Ordenamento do Território Nacional* or simply *Planos Nacionais*);

ii) PIPOT – Inter-Provincial Plans (*Planos Inter-Provinciais de Ordenamento do Território*);

iii) PPOT – Provincial Plans (*Planos Provinciais de Ordenamento do Território*);

iv) Municipal Plans (*Planos Municipais*): including Municipal Master Plans, the so-called "PDMs" (*Planos Directores Municipais*); Urban Plans (*Planos Urbanísticos);* and Rural Plans (*Planos de Ordenamento Rural*).

The feasibility of a certain project requires compliance with the above use plans.

Prior control procedures are governed by the RLLUC and entail the following procedures:

a) Licensing;

b) Prior Communication;

c) Use permit.

The RLLUC is the legal regime which foresees the required administrative permissions for construction and land development, and defines which urban operations require prior permission (*i.e.*, licensing – *licenciamento*; prior communication – *comunicação prévia*; or use permit – *licença de utilização*), and what administrative procedures should be observed, together with monitoring of the respective execution.

According to the RLLUC, urban operations with major territorial impact are subject to licensing, notably:

i) land division operations;

ii) construction or building works in general;

iii) land alteration works and land remodeling works in an area not covered by a land division operation or detailed plan;

iv) structural alteration works to the interior and exterior of buildings;

v) extension works to buildings located in protection areas;

vi) demolition works;

vii) reconstruction or rehabilitation works.

As a rule, urban operations that do not require licensing are covered by another type of administrative prior verification procedure, namely prior communication.

According to the RLLUC, the following works are subject to this type of verification:

i) conservation works;

ii) alteration works inside unclassified buildings or parts thereof that do not involve changes to the main structure of the buildings, their height or facades, or the shape of their roofs;

iii) detachment of a plot of land or building with a property description that is located on an urban perimeter, when the plot detached borders a public road, or contains a building or is intended to contain a building that has an approved construction project and constitutes an autonomous building unit;

iv) land division and urbanisation operations whose carrying out, even if by private initiative, is already enshrined in detailed plans;

v) urbanisation operations whose licensing is already covered by a land division license that has not expired.

The use of buildings resulting from construction works is subject to a special procedure aimed at:

i) verifying and confirming that the work complies with the project approved ;

ii) ensuring that the requirements for granting the respective use license, as provided for in the laws and regulations, are met;

iii) verifying the suitability of the building or autonomous unit for its intended purpose.

In the case of buildings built as horizontal property, the use license may cover the entire building or each of the respective autonomous units.

As regards procedures, the licensing of urban operations is done by the Governor of the Province in whose territory the land or property in question is located. The application request must be submitted alongside certain elements/documents

defined by the secondary legislation enacted by the Provincial Governments which may vary depending on the type of urbanization operation (applicant may be asked to add other elements as the applicant may deem appropriate).

If the licensing application is not rejected out of hand, the procedure goes on to a stage where the various entities involved in the spatial planning and environmental protection processes are consulted for their comments on the application. After the hearing stage, a decision is taken on the application.

Use of buildings resulting from construction works is subject to a special procedure to verify, among other aspects, compliance with the approved plans, for the purpose of issuing the respective use permit.

Licensing of urbanization operations takes the form of a permit. For the permit to be issued, the license applicant is required to pay the respective fees. Responsibility for issuing the permit lies with the urban authority that decides on the permit application.

Execution of regulated urbanization operations is subject to oversight by the urban authority. Whenever a breach of legal, regulatory or technical standards is detected, the urban authority may order one of the following measures:

- administrative embargo of the works;
- demolition of the work or putting the land back into its original condition and possible decree involving administrative possession for enforcement, if the demolition order is not complied with voluntarily; or
- termination of the unauthorized use of the building or condominium units.

12. ENVIRONMENTAL LICENSING

Act no. 5/98, of June 19, enacted the Environment Framework Law (*Lei de Bases do Ambiente*), which summarizes the basic principles for the protection, preservation and conservation of the environment in Angola. The focus in it is on environmental protection measures, including the environmental impact assessment and environmental licensing processes.

The environmental impact assessment process is regulated by Presidential Decree no. 117/20, of April 22, which determines that the licensing of public and private projects and activities which, due to their nature, location or dimension, may have significant environmental and social impact is subject to a prior environmental impact assessment.

The procedures are processed in the Environment Integrated System (SIA), an online platform where the submission of licensing requests and upload of relevant documents is carried out.

An environmental impact assessment involves: *(i)* performance of an environmental impact study, which can only be done by technicians that are bound to companies registered as Environmental Consulting Companies; *(ii)* obtaining the favorable opinion of the Ministry responsible for the Environment Sector and *(iii)* a public hearing. In some cases, a Simplified Environmental Impact Study may be allowed.

The issuing of the environmental permit follows the environmental impact assessment and precedes the issue of any other permits legally required for each case. The application for the permit is submitted by the applicant by registering the proposed activity in the SIA, once all the formalities relating to the environmental impact assessment process have been complied with.

Environmental licensing involves the issue of an environmental installation permit and environmental operating permit (the former precedes the latter).

The environmental installation permit is intended to authorize the setting out of the work or undertaking and the environmental operating permit is issued upon

compliance with all the requirements of the environmental impact assessment study. Among other things, the environmental operating permit sets out emission limit values for pollutants, together with details of measures to ensure adequate protection of soil and groundwater, noise control and measures regarding the management of waste produced on site.

The environmental operating permit is issued for a period of five years, which can be renewed, subject to a prior environmental audit. The environmental operating permit can only be transferred when the facility to which it refers is transferred (the entity responsible for environmental policy to be notified in advance).

Beginning setting-out and/or starting activities and altering facilities before the environmental permit is issued constitutes an environmental infringement, as does alteration of the operating system without a proper environmental permit.

Under Presidential Decree no. 182/22, of July 22, the Simplification of Public Administration Procedures Project (*SIMPLIFICA 2.0*) was approved, with the general objective of improving the provision of public services to citizens and businesses, increasing citizens' levels of trust in public services and civil servants, and paving the way for interoperability between public administration services.

This project aims above all to establish Strategic rules to simplify procedures for obtaining administrative acts, especially licenses. As regards environmental licensing, the Angolan Government proposes to adopt the following measures:

- Eliminate the requirement for certain documents necessary for licensing, namely: a) Description of the installation, and of the extent and nature of the activity; b) Document proving the legal status of the acquisition of any physical space and the intended purpose;

- Eliminate the environmental impact study requirement for the following Category C activities: a) Power transmission and distribution lines below 66 KVA; b) Tire retreading; c) Domestic carpentry and joinery, among others;

- Eliminate the requirement for a Decommissioning License, replacing it with a Decommissioning Plan;

- Eliminate the decommissioning license for category C activities that do not fall within the Mining, Petroleum and Forestry industries; and

- Combine the request for an opinion and the request for an environmental license in a single act, through the SIA.

SIMPLIFICA 2.0 has been, until now, a set of multidisciplinary measures and aspirations of the Angolan government, which means that, for the purposes of binding the administration and the citizen, a specific legal instrument is needed to implement them.

13. PUBLIC-PRIVATE PARTNERSHIPS

The various types of involvement by private entities in projects of public interest designed to ensure the development of an activity to satisfy a collective need through a contract or set of contracts or the incorporation of a special purpose vehicle created by the private and public partners for the implementation of a common project or for the provision of a public service intended to satisfy a collective need are known as public-private partnerships (PPP). This definition stems from Article 3 of Act no. 11/19, of May 14 (the Public-Private Partnerships Act/*Lei sobre as Parcerias Público-Privadas*), which also establishes the general rules applicable to State government intervention in PPPs along with the PPP Law Regulations (*Regulamento das Parcerias Público-Privadas*) – Presidential Decree no. 316/19, of October 28, as amended by Presidential Decree no. 111/21.

The legal framework of PPPs does not apply namely to all contracts compatible with this Law with a term not exceeding three years and concessions granted by the State to public entities or entities wholly owned by public capital, pursuant to a specific legal framework. It is also foreseen that the legal framework does not apply to contracts under a certain amount that are expected to be approved by the holder of executive power.

The public partners are the State and local governments, public institutes, public funds, public companies and companies within the public domain (as defined by law) and other entities incorporated by them with a view to pursuing public interest needs.

Among others, the following are the instruments legally regulating cooperation between public entities and private entities: *(i)* public works concession contracts; *(ii)* public service concession contracts; *(iii)* acquisition of services contracts; *(iv)* management contracts; and *(v)* other contracts compatible with this framework.

Within the scope of a PPP, the public partner is charged with monitoring, assessing and controlling the implementation of the object of the partnership to ensure that public interest objectives are achieved, while the private partner is primarily

charged with the funding and management. The selection of the procurement procedure for the PPP contract is governed by the Public Contracts Law.

Establishing a partnership assumes a clearly identified sharing of risks, which must be divided between the parties in keeping with their ability to manage these risks at the lowest cost to the project. The PPP Law Regulations enacted by Presidential Decree no. 316/19, of October 28, as amended by Presidential Decree no. 111/21, define in detail the sharing of risks between the public entity and the private one.

In some cases, a Special Purpose Vehicle company, or SPV, is set up, to be entrusted with the project, and must take one of the corporate forms prescribed by law. Notwithstanding the incorporation of an SPV, partners may also regulate their legal relationship through other contracts/agreements that refer to the allocation of liabilities and risks.

The State's shareholding results from negotiation with the private partner.

The regulatory/governing entities framework essential to supporting and driving the PPP process, and the PPP contracts entered into within the framework of the PPP Law, are also determined in the PPP Regulations. In accordance with the terms of Article 8 of the PPP Law, the PPP Regulations create the main Governing Entity for Public-Private Partnerships (OGP – Órgão *de Governança das Parcerias* Público-*Privadas*). The OGP includes representatives from the following entities: *i)* Ministry of Economics and Planning (which is also the coordinator for the OGP); *ii)* Minister of Finance; and *iii)* The Ministry of the Ministerial Department responsible for the area in which the PPP Project falls, in light of the proposed PPP scheme and what ministerial sector it falls within.

The OGP is, furthermore, assisted by the CTPPP – *Comissão* Técnica das *Parcerias* Público-*Privadas* (Technical Committee for Public-Private Partnerships). The director of the office responsible for PPPs within the Ministry of Economics and Planning is the CTPPP coordinator. He can invite representatives of other public bodies or private entities to participate in the activities of the CTPPP. The meetings of the CTPPP to analyse PPP projects are also attended by a representative of the Public Administration in whose area of expertise the matter being considered by the CTPPP falls.

STEPS IN THE PPP CONTRACTING PROCESS

A process starts with a pre-feasibility study and relevant preparatory work for the decision whether to proceed with the PPP.

A public entity, or one of the entities referred to in the PPP Law, intending to initiate a PPP process needs to submit a duly motivated proposal to the minister responsible for the department related to the area of the PPP Project, providing, inter alia, the objective sought to be achieved with the PPP, and the economic and financial rationale behind the intended PPP project.

The environmental permit, where required, must be obtained before the launch of the partnership.

If the relevant sector ministry gives its approval for the undertaking of the necessary study and launch of the PPP process, it submits its findings and relevant proposal to the OGP. In turn the OGP submits the proposal for the review and opinion of the CTPPP.

The PPP process may also be initiated with the participation of the private sector, at its own initiative or via public announcement, by presenting a Feasibility Study to the ministry responsible for the area of the PPP project. The costs arising from the preparation of these studies are supported by the private entity(ies), with the ministry being informed of such costs upon the presentation of the PPP proposal.

The minister responsible for the area of the PPP project assesses the interest and adequacy of the private entities' initiatives within a deadline of 30 days, and, if it decides to initiate the preparation of the launching of the PPP, it submits the private entities' proposals to the OGP. In turn, the OGP requests an opinion from the CTPPP.

The CTPPP has 30 days to deliver an opinion on both public and private proposals, and if its opinion is favourable, it recommends the OGP's approval and proposes the creation of a project team for the next steps in the PPP process.

Within 30 days after the project team has presented its recommendation report, it is incumbent on the OGP to decide whether the launch of the PPP can proceed and

the conditions applicable. The approval by the OGP takes the form of a joint decree from the ministries which constitute the OGP.

The decision to contract falls to:

- The member ministries that make up the OGP when the PPP project involves State and local governments, public institutes or public funds;

- The competent local authority where the PPP project, to be launched, entails Local communities;

- Where the PPP project to be launched entails public companies and companies within the public domain (as defined by law) or other entities incorporated by them with a view to pursuing public interest needs, the decision to contract lies with the management board of such entity. The management board, will, however, need to adhere to the approval conditions set out in the above-mentioned joint decree issued by the OGP members.

After selection of the successful bidder and award, the public entity and private entity enter into a contract which is previously approved. The entry into force of the contract is subject to the approval of the Court of Auditors.

The monitoring and accompanying of PPPs is carried out by the entities/services that are indicated by the holder of the executive power. Among other things, they verify whether a PPP could contribute to a worsening of the financial burden on the public sector, gather and process information relating to PPPs that are executed or to be executed and report on the economic and financial situation of PPPs to the Holder of the Executive Power.

The PPP Law establishes that, if a public partner adopts a unilateral position that could lead to a request for the repositioning of the financial equilibrium of the partnership, it must first estimate its financial effects/confirm its budgetary allocation.

Some decisions by public partners are subject to the scrutiny of the Ministry of Finance.

If during the execution of the PPP facts are invoked that may lead to an alteration of the contract (*e.g.*, share of benefits, repositioning of financial equilibrium, renegotiation), a negotiation commission has to be created. This assesses the proposal prepared by the public partner containing the grounds for the commencement of the negotiation, and the goals that are intended to be reached.

The PPP Law and its regulations apply to all PPP processes, even those where the respective agreements have already been entered into.

14. LABOUR RELATIONS

The new General Labor Act (*Lei Geral do Trabalho*/LGT) was enacted by Act no. 7/15, of June 15, repealing in its entirety its predecessor, Act no. 2/00, of February 11. Note, however, that, on 27 of December 2023, a new General Labor Act was published, by the Act no. 12/23, of December 27, which revoked entirely the Act no. 7/15, of June 15, and the Rectification no. 15/15, of October 2. This new General Labour Law will enter into force at the end of March 2024 which brings relevant changes, including on the matters described below.

Nonetheless, this chapter was drafted based on Act no. 7/15, of June 15, referred to above.

Although labor legislation is scattered among several statutes, the main legislative instrument at this time is the LGT, which sets out the principles and rules governing employment relationships in Angola.

In general terms, the LGT applies to all employees who, in Angola, provide gainful activity to an employer within the scope of the latter's authority and management, in the form of, for example, public, mixed and private enterprises, co-operatives, social organizations, international organizations and embassies and consulates. The LGT applies likewise to apprentices and trainees under the authority of an employer, to work performed abroad by nationals or resident foreigners hired in Angola in the service of domestic employers (without prejudice to provisions that are more favorable to the worker and provisions of public policy applicable at the workplace), and, supplementarily, to non-resident foreign employees.

The LGT defines the employment contract in broad terms, considering it to be one where an employee undertakes to provide professional activity to an employer within the scope of an organization and under its management and authority, receiving remuneration in consideration thereof.

14.1. Types of employment contracts

The LGT provides that, by free agreement of the parties, depending on the nature of the activity, the size and economic strength of the company and the tasks for which a worker is hired, the employment contract may be concluded for an indefinite period or for a fixed or unfixed duration.

An employment contract concluded for a fixed term may be renewed successively for the same or different terms up to a maximum of five or 10 years, depending on whether the company is a: *(i)* large or *(ii)* a medium, small or micro enterprise, and is transformed into an indefinite term contract when the maximum duration in question expires.

If one of the parties does not wish to renew a term contract of a duration that is equal to or greater than three months, it must give 15 working days' notice.

The LGT also stipulates the existence of special forms of employment contracts: *(i)* the group contract; *(ii)* the construction-work or task contract; *(iii)* the apprenticeship and traineeship contract; *(iv)* the aboard merchant ship and fishing boat contract; *(v)* the aboard aircraft contract; *(vi)* the home-work contract; *(vii)* the civilian workers in military manufacturing establishments contract; *(viii)* the rural contract; *(ix)* the non-residents contract; and *(x)* the temporary employment contract, among others provided for by law.

In relation to the temporary employment contract, this regime suffered some changes due to the fact that Presidential Decree no. 272/11, of October 16, was revoked by Presidential Decree no. 31/17, of February 22. The new regime foresees some changes, such as but not limited to the reduction of the maximum duration of the provision of temporary employees, the possibility of temporary employees being automatically hired by a company that resorts to temporary workers, with a contract for an indefinite period once these maximum limits are exceeded.

Despite the general principle of freedom of form in the drafting of employment contracts, there are some types which the law requires to be in writing; for example, contracts with non-resident foreign employees, home-work contracts, apprenticeship and traineeship contracts, and aboard-vessels contracts. When drafting employment contracts, the parties should take into consideration the

model contracts that were approved by Presidential Decree no. 40/17, of March 6, that revoked Executive Decree no. 80/01, of December 28.

14.2. Hiring non-resident foreign employees

The LGT defines a "non-resident foreign employee" as a foreign citizen having professional, technical or scientific qualifications in which Angola is not self-sufficient, contracted in a foreign country to carry out his professional activity within Angolan territory during a determined period of time.

The exercise of gainful employment in Angola by a non-resident foreign employee is subject to the granting of a work permit.

Decree no. 5/95, of April 7, and Decree no. 6/01, of January 19, were revoked by Presidential Decree no. 43/17, of March 6, that was altered by Presidential Decree no. 79/17, of April 24. The new regime foresees that employers that are subject to the LGT and the action from the General Labour Inspectorate can only resort to the employment of non-resident foreign labor in about 30% of cases, with the remaining 70% of posts filled by Angolan personnel (*i.e.* Angolan employees and resident foreigners).

Since these changes, the hiring of non-resident foreign employees imposes the following requirements: that they *(i)* have reached the age of majority under Angolan and foreign laws; *(ii)* have the technical or scientific professional qualifications proven by the employer; *(iii)* have the physical and mental aptitude, medically certified in the country in which they are hired; *(iv)* do not have a criminal record, to be proven by a document issued by the country of origin; *(v)* have not had Angolan nationality.

It is also stipulated that the contract duration is established freely by the parties and can be renewed two times, in accordance with the applicable legislation. Act no. 13/19, of May 23, which approves the legal regime for foreigners, foresees that work visas be granted for 365 days, renewable for equal periods until the end of the employment agreement. Nonetheless, this new regime must be applied very carefully because practice can be different from the legislation. The employer must ensure equality of treatment between non-resident foreigners and nationals, including the application of the same occupational qualifier. Lastly, the

remuneration (value and currency) can be freely agreed by the parties and paid in foreign currency, subject to any taxes due.

14.3. Remuneration

Remuneration comprises base salary and all other benefits and complements paid, directly or indirectly, in cash or in kind, no matter what their denomination and form of calculation. Unless proven otherwise, it is assumed that the remuneration comprises all economic benefits that the employee receives from the employer on a periodic and regular basis.

The wage may be fixed (when it remunerates work performed during a certain period of time irrespective of the result), variable (when it remunerates work performed in the light of the results obtained during the period of time to which it relates) or mixed (when it consists of a fixed and a variable part). Note that the remuneration must be paid (except to non-resident foreigners) in Angolan currency.

For each year of actual service, all employees are entitled to a vacation bonus (minimum of 50% of the base wage for the month the vacation is taken, paid prior to its enjoyment) and a Christmas bonus (minimum of 50% of the base wage, paid together with the wage for the month of December).

Currently, the national minimum wage, set by the major economic groupings, is as follows (Presidential Decree no. 54/22, of February 17, which revoked Presidential Decree no. 89/19, of March 21):

- for commerce and mining, AOA 48,271.73;
- for transport, services and manufacturing, AOA 40,226.44; and
- for agriculture, AOA 32,181.15.

14.4. Working hours

As a rule, normal working hours must not exceed eight hours daily and 44 hours weekly.

An employer is charged with the determination of working hours and changes thereto, after consulting the employee's representative body.

Employees who perform management and foreman duties or oversight duties or who are part of an employer's direct support bodies are exempt from fixed working hours. By written agreement, employees who regularly perform duties outside the workplace in various places may be exempt from fixed working hours.

As a rule, normal daily working hours must be interrupted for a rest and meal break of a duration of no less than 45 minutes and not more than one and a half hours, so that employees do not work for more than five consecutive hours.

Between the end of a working period and the start of the next there must be a rest interval of a duration of no less than 10 hours.
An employee is entitled to a full day of rest per week, generally on Sunday.

14.5. Vacations, holidays and absences

The vacation period has a duration of 22 working days each year, weekly rest days, complementary rest days and public holidays not counting towards that period.

An employee's remuneration during the vacation period corresponds to the base wage, to which is added the vacation bonus, both to be paid before the beginning of the enjoyment of the vacation.

An employer must, as a rule, suspend work on days that the law establishes are national holidays. Currently, the following 11 days are considered national holidays: January 1 (New Year's Day); February 4 (First Day of the Armed Struggle for National Liberation); March 8 (International Women's Day); March 23 (day of the liberation of Southern Africa); Carnival Tuesday; April 4 (Day of Peace and National Reconciliation); Holy Friday; May 1 (International Workers' Day); September 17 (Day of the Founder of the Nation and National Hero); November 2 (All Souls' Day); November 11 (National Independence Day); and December 25 (Christmas and Family Day).

When one of the national public holidays coincides with a Tuesday or Thursday, the work is suspended on the previous or following working day (Monday and

Friday respectively), these days being designated "bridge holidays". In addition, for compensation purposes, employees have to spend an additional hour and a half of daily work in the week prior to the bridge holiday rather than one hour of daily work as was previously the case.

Absence from work may be justified or unjustified, depending on whether or not: *(i)* it is due to one of the legally established reasons; *(ii)* is authorized by the employer; or *(iii)* is requested and/or justified under the law. Unjustified absences entail loss of pay and are discounted from an employee's vacation, and also constitute a disciplinary infringement if they exceed three days in a month or 12 in a year or in the event that, whatever their number, they cause serious losses or risks known to the employee.

14.6. Termination of the employment contract by the employer

Angolan labor legislation enshrines the right of employees to employment stability, prohibiting and severely sanctioning termination of employment contracts based on grounds other than those referred to in law or in breach of its provisions.

The most common forms of termination of employment contracts at the initiative of an employer are as follows: *(i)* termination during the trial period; *(ii)* dismissal for disciplinary reasons; *(iii)* individual dismissal on objective grounds; and *(iv)* collective redundancy.

During the trial period, either party may terminate the employment contract without of the need for notice, compensation or presentation of a justification.

In employment contracts of indefinite duration, the trial period lasts, as a rule, for the first 60 days of work and the parties may, by written agreement, reduce it or suppress it. The parties may also increase, in writing, the duration of the trial period to up to four months (in the case of employees who carry out work of high technical complexity and difficult evaluation) or six months (in the case of employees who perform management duties).

In the case of fixed-term employment contracts, the existence of a trial period must be expressly agreed in writing, and may not exceed 15 or 30 days, for unskilled or skilled employees respectively.

Dismissal for disciplinary reasons must be based on the committing of a serious disciplinary offence by an employee or the occurrence of objectively attributable and verifiable reasons, making it impossible to maintain the legal-employment relationship. The law lists several examples of situations constituting cause for disciplinary dismissal, such as: *(i)* unjustified absences exceeding three days a month or 12 in a year or, regardless of their number, which cause serious losses or risks to the company, these being known to the worker; *(ii)* failure to comply with a working schedule more than five times per month; *(iii)* bribery or corruption related with the work or the assets and interests of the company; *(iv)* drunkenness or drug-addiction with negative repercussions on the employee's work; *(v)* failure to comply with safety at work rules and instructions and lack of personal or work-related hygiene, if repeated or, in the latter case, giving rise to justified complaints by co-workers.

Individual dismissal on objective grounds is based on the need to extinguish or substantially transform jobs for duly proven economic, technological or structural reasons, involving reorganization or internal conversion, reduction or termination of activities.

Collective redundancy occurs whenever the extinction or transformation of jobs, determined by duly proven economic, technological or structural reasons involving reorganization, internal conversion, reduction or termination of activities, simultaneously affects the employment of more than 20 employees (if 20 or fewer, the individual-dismissal on objective grounds mechanism should be used).

The compensation due to employees in the event of individual dismissal on objective grounds and collective redundancy is calculated depending on the size of the company, under the following terms:

- large companies – one base wage for each year of work up to a maximum of five years, plus 50% of the base wage multiplied by the number of years of work in excess of that limit;

- medium companies – one base wage for each year of work up to a maximum of three years, plus 40% of the base wage multiplied by the number of years of work in excess of that limit;

- small companies – two base wages plus 30% of the base wage multiplied by the number of years of work in excess of the limit of two years;

- micro companies – two base wages plus 20% of the base wage multiplied by the number of years of work in excess of the limit of two years.

All these types of dismissal (dismissal for disciplinary reasons, individual dismissal on objective grounds and collective redundancies) must be preceded by the procedure laid down for each of them.

14.7. Authorizations and communications required for employers

Employers whose work centers are located in newly-constructed premises or premises that have been subject to modification or in which new equipment has been installed cannot use them before the General Labor Inspectorate (*Inspecção Geral de Trabalho*) performs an inspection, at the request of the interested party and subject to presentation of the documentation required by law.

14.8. Collective bargaining

The Right to Collective Bargaining Act (Company Level), enacted by Act no. 20-A/92, of August 14 [*Lei sobre o Direito de Negociação Colectiva (Nível de Empresa)*/ LDNC], applies generally to private, mixed, joint and State companies and co-operatives in every branch of activity having more than twenty employees, and to nationals employees, resident foreigners and their representative organizations.

Specifically, this act governs the exercise of the right to collective bargaining, the method of resolving conflicts derived from the conclusion or revision of collective bargaining agreements, their effects and respective extension process.

In accordance with the LDNC, only the corporate governing bodies of companies (or, where appropriate, employers' associations) and trade unions representing their employees can conclude collective bargaining agreements.

At companies where there are no trade union organizations, collective bargaining agreements can be negotiated and concluded by an *ad hoc* committee elected for the purpose.

Attention is drawn to the new out-of-court mechanisms laid down for the settlement of individual and collective labor disputes, such as mediation and arbitration, to which must be added conciliation, which must precede the resolution of labor disputes through the courts.

The Trade Union Act (*Lei Sindical*/LS), enacted by Act no. 21-D/92, of August 28, grants employees, without any discrimination, the right to form trade unions and to free exercise of union activity.

In the exercise of union rights, employees are entitled to freely form trade union associations, to enroll in them or not, to withdraw from them , to pay dues only to the trade union ro which they are affiliated, to participate in those trade unions to which they are affiliated and, in particular, to be elected to their governing bodies, and to carry out trade union activities at the workplace.

In accordance with the LS, trade unions are charged with: *(i)* entering into collective bargaining agreements; *(ii)* exercising the right to collective bargaining; *(iii)* conducting, within the framework of current legislation, all forms of action for the benefit of the interests of employees; *(iv)* issuing a prior opinion on legislative measures relating to the interests of employees; *(v)* ensuring compliance with the labor legislation in force and collective bargaining agreements, reporting violations of employees' rights; *(vi)* promoting the defense of the individual or collective rights of employees in matters prejudicial to them; and *(vii)* providing services of a social, cultural, economic and professional nature to their members or creating institutions for the purpose.

14.9. Social Security and employees protection

National and resident foreign employees, and family members who are their dependents, including employees carrying on temporary or intermittent activities, such as occasional or seasonal ones, are obligatorily covered by the social security scheme, like other employee groups (Act no. 7/04, of October 15, and Presidential Decree no. 227/18, of September 27, which revoked Decree no. 38/08, of June 19).

However, employees temporarily carrying out activities in Angola, for a period to be defined, and demonstrating that they are covered by social security schemes of another country may not be covered, without prejudice to what is established in applicable international instruments.

In fact, this regime was substantially altered, including in the matter of contraventions. The material scope of application of the social security scheme of employees thus currently comprises: *(i)* maternity care; *(ii)* old age benefits (in practice, retirement pensions); *(iii)* death benefits; and *(iv)* family expenditure compensation.

Registration of a company with the Social Security managing entity must be carried out within 30 days of the start of its business. The employer must register employees with the social security managing entity within 30 days of the start of employment and declare the existence of employees under its responsibility. These deadlines may be extended to 60 days if the circumstances existing in the locality so warrant.

It is incumbent upon an employer to pay the contributions due to the social security managing entity, including the portion borne by employees.

The gross remuneration due to employees, that is, including all the cash allowances due by an employer to its employees, constitutes the basis of calculation of the mandatory social security contributions.

Without prejudice to the point made in the previous paragraph, if employees receive a part of their remuneration in kind, this remuneration must be converted into cash to be included in the basis of calculation referred above. In practical terms, all a gross remuneration (cash or kind) must be considered the basis of calculation for the purposes of applying the mandatory social security contributions and calculating their amount. However, this Decree presents some exceptions to this principle, meaning that some of cash allowances cannot be included in the basis of calculation, such as: *(i)* social allowances paid by an employer as part of mandatory social protection; *(ii)* vacation allowances; and *(iii)* amounts relating to subscriptions or participations by employees or employers in some categories of complementary social protection foreseen by specific legislation.

Contribution rates for compulsory social security are currently set at 3% for the employee and 8% for the employer.

After their employment contracts take effect, all employees, apprentices and trainees are mandatorily insured against work accidents and occupational disease risks under an insurance contract to be concluded between the employer and an Angolan insurance company.

15. IMMIGRATION AND THE MECHANISM FOR FOREIGN CITIZENS TO OBTAIN VISAS AND RESIDENCE PERMITS

Act no. 13/19, of May 23 establishes the legal regime for entry, exit, residence and permanence of foreigners in Angola. This law is complemented by Presidential Decree no. 163/20, of June 8, which regulates the rules for crossing borders and conditions of entry and exit from national territory, the prohibition of entry and exit, entry visas, visas granted in national territory, modification of visas, residence permits, registration of guests and information and offences.

There has also been Presidential Decree no. 318/18, of December 31, which approves the Migratory Policy of Angola and reviews the conditions for issuing visas to foreign investors.

15.1. Types of visa

Under the law, every non-resident foreigner needs a visa to enter Angola. There are five types of visa: *(i)* diplomatic visa; *(ii)* official visa; *(iii)* courtesy visa; *(iv)* consular visa; and *(v)* territorial visa.

Diplomatic, official and courtesy visas are granted by the Ministry of Foreign Affairs, through the diplomatic or consular missions authorized for the purpose, to holders of diplomatic, service, special or ordinary passports travelling to Angola on visits of a diplomatic, service or official nature. The visas must be used within 60 days of the date of issue, allow a stay in the country of up to 30 days and are valid for one or two entries. Exceptionally, they may be granted for multiple entries for a total stay of up to 90 days.

The consular visa is granted by the diplomatic and consular missions in the country of origin of a foreign national. There are 10 types of consular visas:

- the transit visa – granted to foreign citizens who, to reach a destination country, have to stop over in Angola (allows stays in the country of up to five days);

- the tourist visa – granted to foreign citizens wishing to enter Angola, for family reasons, business development, attendance of scientific and technological activities, or visits of a recreational, sports or cultural nature (valid for one or multiple entries and allowing a stay in the country for a period of 30 days, renewable twice for equal periods);

- the short-term visa – granted to a foreign citizen who needs to enter the country for reasons of urgency (must be used within 72 hours, allows a stay in the country of up to ten days, renewable for an equal period);

- the study visa – which allows foreign citizens to enter the country to attend a study program at public or private schools, and vocational-training centers, to obtain an academic or professional degree or to take training courses at companies or public or private services (allows the holder to stay for one year, renewable for an equal period, up to completion of studies, and can be used for multiple entries);

- the visa for medical treatment – allowing the entry of foreign citizens in the country to undergo treatment in public or private hospitals [allows multiple entries and a stay of 180 days, and may be extended by the Immigration and Foreigners Service (*Serviço de Migração e Estrangeiros*) until the end of treatment];

- the investor visa – granted by Angolan diplomatic and consular missions to foreign citizens who are investors or agents or attorneys of an investor, allowing entry into the country in order to implement and execute a proposed investment approved under the Private Investment Act (*Lei do Investimento Privado)* (allows the holder multiple entries into the country and a stay of up to two years, renewable for a similar period, and its beneficiary may apply for a residence permit);

- the work visa – for non-resident foreign citizens wishing to perform gainful employment in the interests of the State or as an employee (this visa allows the holder to exercise only the occupation for which it was granted and solely for the employer who applied for it);

- the temporary-stay visa – granted for humanitarian reasons, to fulfil a mission for a religious institution, for conducting scientific research work, for accompanying a relative holding a study, privileged or work visa, for relatives of holders of a valid residence permit or spouses of Angolan citizens (entitling its holder to multiple entries and a stay of up to 365 days, which may be extended until the reason for its granting comes to an end);

- the visa for establishing residence – granted to citizens wishing to settle in Angola (allows a stay in the country for a period of 90 days, renewable for similar periods up to the decision on the application for a residence permit, and the pursuit of gainful employment).

- the investor visa – granted by Angolan diplomatic and consular missions to foreign citizens who are investors or agents or attorneys of an investor, allowing entry into the country in order to implement and execute a proposed investment approved under the Private Investment Act (*Lei do Investimento Privado*) (allows the holder multiple entries into the country and a stay of up to two years, renewable for a similar period, and its beneficiary (*in casu*, the foreign investor) may apply for a residence permit).

Lastly, the territorial visa is granted in very exceptional situations by the Migration and Foreigners Service at border crossings when a foreigner cannot obtain the consular visa for justified reasons. The territorial visa may be: *(i)* a border visa (issued at border checkpoints and allowing entry into the country by foreign citizens who for unforeseen, justified reasons have not applied for a visa at the consular and diplomatic entities in their country of origin, or who come to provide services involving equipment assembly, technical assistance after sale, or a similar activity); or *(ii)* an investor visa.

15.2. Power to authorize the granting and extension of visas

Apart from the granting of the diplomatic, official, courtesy, transit and short-stay visas, which are subject only to timely communication to the Migration and Foreigners Service, the granting of entry visas into the country by diplomatic and consular missions requires the prior authorization of the Migration and Foreigners Service.

The Director of the Migration and Foreigners Service is responsible for extending the period of stay of a visa.

15.3. Visa cancellation

Visas may be cancelled:

- where they have been granted on the basis of false statements, use of fraudulent means or reasons other than those that were the reason for the entry of their holder into the country;
- where the holder has been subject to an expulsion order from the country.

Work visas may be cancelled where:

- the employment contract giving rise to the granting of the visa is terminated;
- the holder carries on an occupation other than that which gave rise to the granting of the work permit;
- the holder provides services to an employer other than the one that applied for the visa.

The cancellation of visas in national territory is the responsibility of the Director of the Migration and Foreigners Services and may also be implemented during the course of an authorized extension of the stay.

15.4. Agreements with other countries

Several agreements have been concluded between Angola and other states for the suppression or facilitation of visas. Presidential Decree no. 56/18, of February 20 (amended by Presidential Decree no. 150/18, of June 19) was revoked by Presidential Decree no. 189/23, of September 29. The new Decree foresees that tourist visas are not required for stays in the Republic of Angola of up to 30 days per entry and 90 days per year for nationals of countries indicated on the list attached to it. By way of example, tourist visas are not required for nationals of Botswana, Mauritius, Seychelles, Zimbabwe, Cape Verde, Rwanda, Singapore, Saudi Arabia, Qatar, China, India, United Arab Emirates, Europe (all countries of the European

Union, Norway, the United Kingdom, Iceland, Monaco, Russia and Switzerland), United States of America, Mexico, Argentina, Uruguay, Brazil, Chile, Canada, Australia, New Zealand, among others.

16. INTELLECTUAL PROPERTY

Legal protection of intellectual property in Angola is contained in the Copyright Act (*Lei dos Direitos de Autor*, Act no. 15/14, of July 31) and the Industrial Property Act (*Lei da Propriedade Industrial*, Act no. 3/92, of February 28). Angola is party to several international conventions and treaties on industrial property, among which the most important are the World Intellectual Property Organization, the World Trade Organization, the Paris Convention for the Protection of Industrial Property and the Patent Cooperation Treaty.

16.1. Copyright

Copyright is the right that authors of literary, artistic and scientific works have to enjoy and use these works or to authorize their use and enjoyment. Copyright covers rights of both an economic and "moral" nature.

Economic rights consist essentially of the exclusive right to perform (or authorize others to perform) acts of publication, reproduction and communication to the public by any means, together with the translation, adaptation, arrangement or other transformation of works. An author may authorize the use of works and/or convey economic rights through a written document in which the conditions and manner of use and/or limits of the transfer are fixed. Transfer in full of the economic content of copyright requires authorization by the Ministry of Culture.

"Moral" rights consist of the right to demand recognition of the authorship of a work and mention of the author's name whenever it is communicated to the public, the right to defend its wholeness and to object to any distortion, mutilation or modification of it, and also the right to keep the work unpublished, to alter it before or after it is communicated to the public, to remove it from circulation or suspend any form of use previously authorized. These rights cannot be transferred.

Economic rights are maintained throughout the life of the author and 70 years after his death; moral rights are protected indefinitely.

As a general rule, the copyright belongs to the creator of a literary, artistic or scientific work. However, there are special rules for determining ownership, as in the case of a work created under an employment or service contract or in the performance of functional duties, where the copyright belongs, in principle, to the person who ordered its production, plus specific rules for works created by more than one author (work done in collaboration or collective work).

The protection of copyright ownership occurs under the terms of the law and does not require registration. However, Act no. 15/14 establishes the need for registration of certain acts regarding such rights for constitutive, declarative or publicity purposes and with the publication of Presidential Decree no. 125/17, the Regulations for the Registration of Copyrights and connected rights were approved.

Infringement of copyright is subject to both civil and criminal liability.

16.2. Industrial property

The Industrial Property Act is intended to protect industrial property, which encompasses invention patents, utility models, industrial designs and models, trademarks, rewards, establishment names, and insignia and indications of provenance, and to suppress unfair competition.

Applications for registration must be filed with the Angolan Industrial Property Institute and the registration has constitutive effect.

The duration of protection varies depending on the right granted: 15 years for patents and five years, with the possibility of renewal for two further periods, for utility models and industrial designs and models. Trademark registration lasts 10 years and can be renewed indefinitely for similar periods; registration of establishment names and insignia lasts for 20 years, with successive extensions. Rewards and indications of provenance have an unlimited duration.

As a rule, a patent belongs to its inventor. However, in the case of inventions during the term of an employment contract in which the inventive activity is intended or results from the very nature of the work performed, the patent belongs exclusively to the employer.

Ownership of an invention patent can be transferred *inter vivos* (by deed) or on death (testamentary or legitimate inheritance). Patent-exploitation licenses may be granted by contract.

Transfer of trademarks must comply with the legal formalities required for the transfer of the goods to which they relate and, unless otherwise agreed, transfer of a business presupposes the transfer of ownership of the trademark. The holder of a trademark registration may grant brand exploitation licenses by written contract.

All acts involving the transfer of ownership, termination or exploitation of patents, designs or models, trademarks, rewards, names or insignia are subject to registration and only then are they enforceable against third parties.

Violation of the rights conferred by a patent is punishable with imprisonment for up to six months and a fine. Illegal use of trademarks is also punishable with a fine, which may be compounded with imprisonment for up to three months. Violation of designs or models, rewards, establishment names or insignia is punishable by fine.

17. MEANS OF DISPUTE RESOLUTION

17.1. Judicial system

The Law on the Organization and Operation of the State Courts (*Lei Orgânica sobre a Organização e Funcionamento dos Tribunais da Jurisdição Comum*, Act no. 2/15, of February 2) establishes the principles and general rules that aim to adapt the operation of the judicial system to the Constitution of the Republic of Angola and the fundamental judicial principles enshrined in the Constitution. Examples are the right to a trial, access to the law and the courts, and the principles of: *(i)* administrative and financial autonomy of the courts; *(ii)* independence of the judges; *(iii)* publicity of public hearings; and *(iv)* the enforceability of court decisions.

Further to what is established by law, customs are important sources of law in Angola and may be considered in judicial decisions.

17.1.1. Organization and general rules of jurisdiction

The organization and operation of the Angolan judicial system are governed by the Constitution and by various other laws such as the abovementioned Law on the Organization and Operation of the Judicial Courts (Act no. 2/15, of February 2), the Organic Law on the Office of the Attorney General (*Lei Orgânica da Procuradoria Geral da República*, Act no. 22/12, of August 14), the Judicial and Public Prosecutor Statute (*Estatuto dos Magistrados Judiciais e do Ministério Público*, Act no. 7/94, of April 29), the Legal Practice Act (*Lei da Advocacia*, Act no. 8/17, of March 17), the Legal Aid Act (*Lei da Assistência Judiciária*, Decree-Law no. 15/95, of November 10) and the laws on the various jurisdictions (labor, administrative, juvenile, and maritime).

The Law on the Organization and Operation of the Judicial Courts divides the national territory into five Judicial Districts (*Regiões Judiciais*), which are composed of Judicial Provinces (*Províncias Judiciais*), which correspond to the political-administrative division of the country, and which, in turn, are divided into Districts (*Comarcas*).

The court organization hierarchy is as follows:

- Supreme Court – the highest court of the common jurisdiction, which exercises jurisdiction over the entire national territory (its bodies are the President, the Plenary and the Chambers) in accordance with Resolution no. 1/14, of August 29, which defines the organization of the services of the Supreme Court;

- Courts of Appeal – which, as a general rule, work as an appeal court and which have jurisdiction in the territory of their respective judicial region. The Law on the Courts of Appeal was approved by Act no. 1/16, of February 10. This statute provides for the creation of a Court of Appeal in each Judicial District, namely: Benguela, Luanda, Lubango, Saurimo and Uíge. Nevertheless, until all the remaining Courts of Appeal are duly installed, the Luanda Court of Appeal has jurisdiction over the Judicial Districts of Luanda, Saurimo and Uíge, whilst the Benguela Court of Appeal has jurisdiction over the Judicial Districts of Benguela and Lubango. The competence of the Courts of Appeal is divided into four chambers: criminal; civil, administrative, tax and customs; labor law; and family and succession law, although the latter will only be created if the nature and volume of the legal proceedings lodged in the relevant courts' so require;

- District Courts – which, as a general rule, work as first instance courts, have jurisdiction over the territory of their respective district and may be divided into Chambers of Specialized Competence or of Minor Criminal Causes, whenever the volume, nature and complexity of the proceedings so require.

Before the 2008 legislative elections, the Constitutional Court was created, with cases of a constitutional nature (dealt, until then, by the Supreme Court) transferred to the new Court. The Constitutional Court now has exclusive responsibility for administering constitutional justice (see Act no. 2/08, of June 17, which approved the Organic Law of the Constitutional Court – *Lei Orgânica do Tribunal Constitucional* – as amended by Act no. 24/10, of December 3.

Lastly, there are the facilities where the Commercial, Intellectual and Industrial Property Chambers of the Provincial Court of Luanda were also handed over to the Superior Council of the Judiciary, where they will finally become functional, having been created by Act no. 2/15, February 2, but whose operation, until the said handing over, was not possible.

17.1.2. Recognition of foreign judgements and enforceability of national judgements through foreign courts

Without prejudice to the provisions of any treaties or statutes, the recognition of foreign court judgements on private rights in Angola is done after being confirmed and reviewed by the Court of Appeal. Further to the Law on the Courts of Appeal, in foreign judgements on civil law matters, the competent chamber is the civil, administrative, tax and customs chamber; in labor matters, the competent chamber is the labor law chamber; and the family law chamber will be competent in family law matters. The competent Court of Appeal depends on the domicile against whom the court decision is to be enforced. There are also special laws and treaties on this matter.

This recognition depends on a number of formal and substantive requirements, and a foreign judgement may be enforced in Angola. The possibility of enforcing national judgements through foreign courts depends on the existence of international treaties or agreements and on the system of review of foreign judgements in the country where they are to be enforced.

Despite the above, note that the Courts of Appeal have only been formally created and are not yet fully functional. They were initially scheduled to become functional during 2020. However, due to the global pandemic, the operability of these Courts of Appeal was delayed.

17.1.3. International competence of Angolan courts

The Angolan courts are internationally competent (*i.e.* Angolan courts have competence to hear legal matters which, despite their connection with other jurisdictions, also have a connection with the Angolan jurisdiction) in the following circumstances: *(i)* the action has to be mandatorily brought in Angola, under the competence rules of Angolan law; *(ii)* the facts underlying the cause of the action occurred in Angola; *(iii)* the defendant is a foreigner and the claimant is Angolan, provided that in the opposite situation the Angolan national could be sued in the courts of the defendant's state; *(iv)* the right granted by such decision is not effective unless it is recognized by an Angolan court, provided that there is a material element of personal or real interest linking the action that is brought and Angola.

Where the court of a defendant's domicile is, according to Angolan law, competent, the Angolan courts may exercise jurisdiction provided that the defendant has been domiciled in Angola for more than six months or is accidentally in Angola at the time (if the latter, it is also necessary that the obligation is contracted with an Angolan national).

Lastly, it should be noted that foreign corporate persons are deemed to be domiciled in Angola if they have an agency, branch, affiliate or delegation in Angola.

17.2. Non-judicial means of resolving disputes

In accordance with the Constitution of the Republic of Angola, the law establishes and regulates non-judicial means of dispute resolution and the establishment, organization, competence and operation of institutions dedicated to conduct alternative means of dispute resolution.

Further to the constitutional provision for non-judicial means of resolving disputes, Act no. 16/03, of July 25, approved the Voluntary Arbitration Act (*Lei de Arbitragem Voluntária*/LAV), and Act no. 12/16, of August 12, approved the Law of Mediation of Conflicts and Conciliation, in response to the need to ensure more efficient, secure, certain and predictable resolution mechanisms for disputes of the most diverse nature, particularly for arbitration of those arising out of economic, commercial, and industrial relations, and for mediation of labor and family law disputes.

In addition to the statutes abovementioned, resort to mediation and arbitration is provided for in several statutes, such as: *(i)* the Private Investment Act (*Lei do Investimento Privado*, Act no. 10/18, of June 26); *(ii)* the Securities Code (*Código de Valores Mobiliários*, Act no. 22/15, of August 31); *(iii)* General Labor Law (Act no. 7/15, of June 15); and *(iv)* Resolution no. 34/06, of May 15, which reaffirms the State's intention to promote and encourage the resolution of disputes by arbitration and requires the Angolan State and other public entities to propose and accept, in their contracts, the use of this alternative dispute resolution mechanism.

In its Title XI the Administrative Litigation Code, approved by Act no. 33/22, of September 1, establishes the possibility of submitting disputes arising from administrative contracts, non-contractual liability of the administration and certain administrative acts to arbitration.

17.2.1. Arbitration

Arbitration may be agreed upon to resolve all disputes concerning disposable rights provided that, by law, they are not exclusively subject to the judicial courts or to mandatory arbitration.

In an arbitration agreement or subsequent arbitral commitment, the parties may agree on the procedural rules to be applied, the seat of arbitration and appointment of arbitrators, amongst other matters related with the arbitral process. Alternatively, the definition of the rules is the responsibility of the arbitrator or arbitrators appointed.

The parties may also agree in an arbitration agreement or in a subsequent document that the ruling on a case be made according to equity or to usage and custom, both national and international. If nothing is agreed, the arbitral tribunal decides in accordance with the law. In decisions taken on the basis of customs, the arbitral tribunal is obliged to respect the principles of Angolan public order at all times.

Arbitration proceedings are subject to the fundamental principles of equality and of adversary proceedings, and the law provides for a period of six months counted from the acceptance of the last arbitrator for the issuance of an award, although a different deadline may be agreed.

Arbitration awards produce the same legal effects as court decisions and are enforceable to the same extent.

The LAV distinguishes between domestic arbitration and international arbitration, with the latter applicable when international trade interests are at stake. The statute specifically provides for the possibility of the parties expressly agreeing that the scope of an arbitration agreement is connected with more than one State. The law applicable in these cases is chosen by the parties and the decision taken cannot, generally, be appealed, unless the parties have expressly agreed otherwise.

As regards the execution of arbitral awards, a relevant party may, in the case of internal arbitration, initiate enforcement proceedings through the Angolan judicial courts. On the other hand, in the case of international arbitration with a seat outside of Angola, the arbitral award must be first recognized in Angola before being

enforced. notwithstanding the fact that Angola adhered in 2017 to the New York Convention of 1958 regarding the recognition and enforcement of foreign arbitral awards, further to Resolution no. 38/16, of August 12. Angola's accession was made subject to reciprocity, as provided in the Convention, so that the Convention is only applicable in Angola if the relevant arbitral award is made in another State which is a party to the Convention and is also recognized by the Angolan government. This Convention became enforceable in Angola on June 4 2017.

Lastly, the adherence of the Republic of Angola to the 1965 Washington Convention, or ICSID Convention, has also been approved. Nevertheless, this adherence still needs to be formalized. This convention concerns the resolution of investment disputes between states and nationals of other states, creating an arbitration center – ICSID, the International Center for Settlement of Investment Disputes – specifically for the resolution of disputes between international investors and with the purpose of ensuring investors have legal certainty, legal protection, and a fair and equitable treatment that reconciles the interests of the parties involved.

Finally, Angola is not a party to the Washington Convention of 1965 on the Settlement of Investment Disputes between States and Nationals of Other States. However, it has entered into bilateral investment treaties with a few countries, which provide strong protection to investments coming from these countries.

17.2.2. Mediation

Act no. 12/16, of August 12 entered into force in September 2016, and regulates the constitution and organization of mediation and conciliation proceedings, highlighting that may be subject to mediation disputes relating to civil, commercial, labor, family and criminal matters, as far as they concern disposable rights.

The beginning of a mediation process may result from the initiative of one of the parties or, depending on the circumstances, of the General Labor Inspectorate, the Court, the Public Prosecutor's Office, the Civil Registry Offices or other institutions which identify the dispute and refer its solution to mediation.

Under the applicable law, the position of mediator or conciliator may be held by individuals that fulfil the relevant legal conditions, or by public or private mediation centers created by the Public Administration Body responsible for Non-Judicial

Dispute Resolution. The public center par excellence is, at present, the Center for Extrajudicial Dispute Resolution (CREL), created by the Ministry of Justice.

18. COMBATING MONEY LAUNDERING

Having ratified the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, Cross-Border Crime and Terrorist Financing, Angola enacted, through Act no. 12/10, of July 9, a system of prevention and repression of money laundering and terrorist financing in order to comply with these conventions and guarantee the territorial security of its financial system. Since then, the framework related to combating money laundering has been revised and brought into line with international standards, and Act no. 12/10 was revoked by Act 34/11, of December 12, with the latter also being revoked by Act no. 5/20, of January 27.

In addition to this, Regulation no. 4/16, of June 2, approved by the Capital Markets Commission, regulates how the obligations concerning combating money laundering are to be complied with by non-banking financial institutions. BNA Order no. 14/20, of June 22 establishes the rules and conditions for the implementation of the obligations concerning combating money laundering, financing of terrorism and proliferation of weapons of mass destruction by financial institutions under its supervision (most notably, commercial banks).

Through Order no. 713/14, of March 27, the Ministry of Housing and Urban Planning has also regulated the performance of these obligations by entities specifically working within the real estate sector, which now are required to communicate every six months to the National Housing Institute (Instituto Nacional de Habitação), exclusively by electronic data transmission, the date of start of activity and the complete identification of any natural or legal customers involved in transactions of a value equal to or greater than the equivalent of USD 15,000, together with the details of such transactions, and must keep copies of the relevant documents, notifications issued and their proofs for a period of 10 years.

Under Act no. 5/20, the following, among others, are subject to duties of prevention and combating of money laundering, financing of terrorism and proliferation of weapons of mass destruction:

- Financial Institutions;

- non-financial entities operating in Angola, including accountants, accountants' experts, auditors, lawyers and other legal practitioners, the partners of law firms and professionals hired by law firms (when providing legal services in real estate, commercial, corporate, banking and similar fields);

- companies running settlement businesses or, clearing houses in regulated markets, or central counterparties and centralized securities systems;

- companies providing services to trusts and companies involved in the establishment, administration and management of legal persons or assessing third parties to act on behalf of a shareholder;

- companies associated with casinos, games of chance, social games, online remote games or similar;

- real estate brokerage firms, real estate purchase and resale companies, real estate developers and construction companies also involved in direct sales;

All these entities are bound to fulfil certain obligations, including identification of clients, due diligence, refusal, communication, co-operation, confidentiality, control, and risk assessment and training, always with a view to preventing and detecting abuse of the financial system. In certain circumstances, taking into account the value of transactions or if there is suspicion that, regardless of their value, they are related to the committing of crimes, such entities must verify the identity of the customer and beneficial owner, and obtain information on the purpose and intended nature of the business relationship, applying special measures in cases of particular complexity or volume, of an unusual nature, lacking economic justification, or involving Politically Exposed Persons (persons that hold, or have held, high level public offices), or in cases of operations concerning non-profit organizations or in transactions with high-level risks.

All the entities above mentioned must also inform the Financial Information Unit whenever they know or have reason to suspect that an operation might be associated with the carrying out of crimes that are in progress or have been attempted. Fulfilment of this duty of disclosure is not considered a violation of the obligation of secrecy to the entities/persons that are involved in the operation and

the entities may not disclose to their clients or third parties that they have provided such information or that a criminal investigation is ongoing.

Failure to comply with these duties constitutes a transgression punishable by fine and accessory penalties (for example, temporary or permanent disqualification from the exercise of the profession or activity).

As regards criminal prosecution, it is important to highlight that conversion or transfer of benefits deriving from the commission of offences related to the crime of money laundering (or aiding or facilitating them) is punishable as a crime by imprisonment for two to eight years.

19. MAJOR SECTORS OF ACTIVITY

19.1. Mining

Geological and non-oil mining activity is currently governed by the Mining Code (*Código Mineiro*), enacted by Act no. 31/11, of September 23, which includes the set of legal rules and principles relating to the geological research, discovery, characterization, evaluation, exploration, sale, use and exploitation of mineral resources on land, underground, in territorial waters, in the territorial sea, on the continental shelf, in the exclusive economic zone and in other areas of territorial and maritime domain under the jurisdiction of Angola, together with access to and exercise of the rights and duties pertaining thereto. Reconnaissance, prospecting, exploration, evaluation and exploitation of hydrocarbons, both liquid and gaseous, are excluded from the Mining Code.

Mineral deposits belong to the public domain, the State being charged with ensuring the sustainable exploitation of them for the benefit of the national economy and with intervening economically in the mining industry, either through regulatory entities and national concessionaires, or through operating companies.

The State also takes part in the appropriation of the products of mining, as consideration for the concession of mining exploitation and marketing rights, in one of the following forms or a combination of both: *(i)* participation, through a State company, in the share capital of the commercial companies to be set up, the share to be no be less than 10%; *(ii)* participation in kind in the mineral product produced, in a proportion to be defined, throughout the production cycle, with the State's share rising as the internal rate of return (IRR) increases.

Whenever national interests so require, the State may also requisition the purchase of the production, or part thereof, and acquire it at a market price, for local industry.

It is intended that the exploration of mineral resources be carried out with strict regard for the rules concerning safety, economic use of land, rights of local communities, and protection and defense of the environment. For such purposes, there are legal provisions for the consultation of local communities affected

by mining projects, obligations to ensure employment and training of Angolan technicians and workers, and the duty to give preference to the use of national materials, services and products of a compatible quality, provided that their price is no more than 10% higher and delivery times do not exceed eight working days.

When the economic importance or the technical characteristics of their exploration justify it, some minerals may be classified as "strategic", as in the case of diamonds, gold and radioactive minerals. The rights to mine strategic minerals may be exclusively allocated to a specific public entity, which assumes the role of national concessionaire and is charged with representing the State in the regulation and supervision of the exercise of mineral rights.

The allocation of mineral rights is made through a public call for tenders held at the initiative of the supervisory body or at the request of the person concerned addressed to the authority involved, the rights being conferred through the issue of one of the following:

- a prospecting title, for reconnaissance, prospecting, research and evaluation of mineral resources;
- an exploitation title, for the exploitation of mineral resources;
- a quarrying title, for prospecting or exploitation of mineral resources used in civil construction; and
- a mining title for non-industrial exploitation.

Mining and quarrying titles may be transferred to third parties if authorized by the supervisory body, the transfer to be recorded on the permit in question and subject to the payment of charges and emoluments.

Investment in mining activities by private entities, whether domestic or foreign, is subject to a specific authorization and is subdivided into the following categories, depending on the mining activity or the category of minerals in question: *(i)* general mining investment; *(ii)* investment in industrial mining of strategic minerals; and *(iii)* non-industrial mining investment.

In accordance with the general legislation on mining investment, investment in prospecting, studying, evaluating and industrial mining operations is undertaken through an investment contract approved by the Minister. Where the investment amounts to more than USD 25 million, the executive power is responsible for approving the mining investment contract, while the Minister is the State interlocutor in all matters relating to the negotiation and provisions of the contract.

Mining prospecting rights are assigned for an initial period of up to five years, which may be extended for successive periods of one year up to a maximum of seven years, without prejudice to the possibility of requesting a special extension for a maximum period of one year, if the total period of seven years is insufficient.

Exploration rights are assigned for a period of up to 35 years, including the prospecting and evaluation period, after which they expire and the mine reverts to the State. However, the law provides for the possibility that the Minister, following a reasoned request by the holder of mining exploration rights, may grant an extension of the rights for one or more periods of 10 years each.

Mining companies are required to set up a legal reserve of 5% of the capital invested (in addition to the reserves established by company law), for the closure of the mine and environmental restoration.

Investment in a strategic mineral contains several characteristics beyond those set out in the general rules, among which the most significant are approval of the contract by the Executive Branch whereas its negotiation is carried out by the body set up by the executive power to regulate the exercise of rights over certain strategic minerals and by the national concessionaire.

A non-industrial mining investment mechanism applies to activity in which no paid labour is employed and only artisanal methods and means are used, with no involvement of self-propelled mechanical means or industrial mining technology.

Holders of mining rights are entitled to market the products of their mining operations; their export, however, requires licensing by the competent body of the Ministry of industry and Trade and customs clearance by the General Tax Administration (*Administração Geral Tributária*).

The marketing of strategic minerals may be subject to specific legislation for each strategic mineral, and the President of the Republic is charged with approving the rules on the marketing system, including shares of production. The export of strategic minerals is also subject to licensing by the competent body of the Ministry of Industry and Trade and customs clearance by the General Tax Administration, and the setting up of a system of certification of origin is also mandatory.

The Mining Code also establishes special legislation for the non-industrial production of diamonds, diamond cutting and polishing, marketing of cut and polished diamonds and minerals for civil construction.

There is also a tax and customs scheme applicable to all entities, national or foreign, engaged in the activities of reconnaissance, research, prospecting and exploration of minerals in Angolan territory, as well as other territorial or international areas over which international law or treaties recognize Angola's tax jurisdiction.

Currently, BNA Order no. 2/23, of February 9, establishes the general foreign-exchange regime applicable to the mining sector, notably to entities that carry out reconnaissance, prospecting, research, evaluation, exploration, marketing, cutting, processing and refining of any type of ore, either by adding value or by changing the tariff position of the original mineral, together with the marketing of minerals or products of mining origin.

Criminal acts involving common minerals are subject to common criminal legislation; for acts involving strategic minerals, the Mining Code establishes special criminal legislation.

19.2. Fisheries

Angola is a country with an extensive coastline and direct access to fish stocks in the Atlantic Ocean. Fish is a very important food in the Angolan diet, especially eaten dried or salted given the difficulties of preserving it fresh.

The fisheries law or Aquatic Biological Resources Law (*Lei dos Recursos Biológicos Aquáticos*, Act no. 6-A/04, of October 8, amended by Act no. 16/05, of December 27) establishes the bases of policies for the conservation and sustainable renovation of aquatic biological resources and the principles governing their exploitation and use,

enshrining principles of sustainability and environmental responsibility imported from the Environmental Framework Law (*Lei de Bases do Ambiente*, Act no. 5/98, of June 19). The law also governs the licensing of fish and fishery-products processing and sale establishments, and the constitution (under a concession by the Minister of Fisheries and Marine Resources) and extinction of fishing rights. The concession, licensing and registry of fishing rights and approvals for fishing and ancillary activities are prescribed by the Regulation on the Concession and Licensing of Fishing Rights (*Regulamento de Concessão de Direitos de Pesca e Licenciamento*, Decree no. 14/05, of May 3), which is applicable to artisanal fisheries, semi-industrial and industrial fishing, deep-sea fishing, fishing for scientific research, prospecting fishing and sports and recreational fishing.

Under the Biological Aquatic Resources Act, fishing in Angola can be maritime or continental and commercial or non-commercial. Commercial fishing is industrial, semi-industrial or artisanal, depending on the equipment used, the volume of the catch and the end-use of the fish. Artisanal fishing accounts for a considerable portion of the total volume and value of Angolan fishing.

The General Fisheries Regulations (*Regulamento Geral de Pesca*, Decree no. 41/05, of June 13 2005) lay down general rules and principles for the implementation of the Aquatic Biological Resources Law, which addresses in particular the organization of fishing, measures for the conservation and preservation of marine resources and the registration, safety and insurance of fishing vessels. Alongside the General Fisheries Regulations, the Regulation on Fishing Supervision (*Regulamento de Fiscalização das Pescas*, Decree no. 43/05, of July 20) establishes the rules applicable to the supervision of fishing, aiming at the appropriate management of aquatic biological resources. The Fishing and Aquaculture Inspection Service (*Serviço Nacional de Fiscalização Pesqueira e da Aquicultura*), an administrative body within the Ministry of Fisheries and Marine Resources, is responsible for the supervision of fishing activities and operations and ancillary activities.

In recent years it has been possible to follow a series of political and economic reforms that the Angolan State has been implementing in order to change its role in this sector. Namely, there has been a liberalization of prices and privatization of several companies and preparation is under way for the privatization of several other large companies. The State has thus come to limit its action in this sector to

resource management, supervision, support for development and creation of port infrastructure.

Presidential Decree no. 139/13, of September 24 (Regulation on Continental Fishing, *Regulamento da Pesca Continental*), as amended by Presidential Decree 100/22, of May 6 (Amendment of the Continental Fishing Regulation), establishes fishermen's rights and duties, their cooperatives and associations, natural resources preservation measures, species that may be captured, the methods and equipment allowed for artisanal fishing and the registry of continental fishing vessels.

In accordance with the amendment made by Presidential Decree 100/22, of May 6, it is no longer necessary, for the purposes of issuing the license for the exercise of Continental Artisanal Fishing Activity: *(i)* the Taxpayer Card; *(ii)* form for applying for the Certificate and Fishing Right Concession Titles; *(iii)* Navigation License; *(iv)* Stranding License.

Additionally, mention should be made of the Regulation on Sports and Recreational Fishing (*Regulamento da Pesca Recreativa e Desportiva*, Presidential Decree no. 146/13, of September 30), which includes surface fishing, dive fishing and shore fishing, both recreationally and competitively.

The Regulations on Measures for Preventing, Opposing and Abolishing Illegal, Unreported and Unregulated Fishing (*Regulamento sobre as Medidas de Prevenção, Combate e Eliminação da Pesca Ilegal, Não Declarada e Não Regulamentada*, Presidential Decree no. 284/14, of October 13) were approved in order to protect the biological resources of the aquatic ecosystems, and given that unreported and unregulated illegal fishing is one of the main threats to sustainable exploitation of biological and aquatic resources, compromising the good management of commercial trading, transshipment, export and import of fishing products. Among other protection measures and the corresponding penalties, the regulations establish port access requirements, authorizations for port access by foreign fishing vessels, the registry of discharge and transshipment operations, dockland inspection, the certification scheme for the import of fishing products, and other preventative and control measures.

In order to reinforce fishery and aquaculture management measures and to ensure the protection and conservation of certain endangered species and their respective

habitats, measures applicable to Marine Fisheries, Continental Fishing, Aquaculture and Salt Management for the year 2023 (*Medidas de Gestão das Pescarias Marinhas, da Pesca Continental, da Aquicultura e sal para o ano de 2023*) were approved by Presidential Decree no. 8/23, of January 4.

Finally, under Presidential Decree no. 276/22, of December 5, the National Plan for the Promotion of Fisheries (PLANAPESCAS) was approved, overseen by a Multi-sectoral Supervisory Commission and managed by a Technical Monitoring Unit (UTA), with the aim of promoting entrepreneurial fishing activity, increasing the production and processing of fish and salt, contributing to the development of trade and an increase in tax revenues, boosting the regular supply of fish to the population, ensuring food security, promoting the competitiveness of the sector and encouraging increased production and productivity in fisheries, aquaculture and salt production.

PLANAPESCAS also ensures the sustainable management of living aquatic resources, development of aquaculture and salt production in a sustainable manner and promotion of corporate social responsibility in the protection of fishing communities, by presenting the general objectives of the fisheries sector and the specific objectives for the period 2023 to 2027.

19.3. Maritime transportation

The transportation sector is a vital aspect for fostering social and economic development, considering both the infrastructures and the means and services, since it improves the accessibility and mobility of persons and goods throughout the Angolan territory, and contributes to combatting the isolation of some areas and the asymmetries of economic growth in the country.

Given its extensive Atlantic coastline, Angola has ports of great importance and size, and shipping is the primary means of foreign trade.

There are three major commercial ports and several hundred small ports geared primarily for fishing and oil. The major commercial ports are Luanda (the oldest), Lobito and Namibe. Recently, the Angolan State has been implementing recovery and promotion measures in other ports of the country, through the construction and

distribution of new fishing vessels, namely, in the port of Porto Amboim and the port of Soyo.

Act no. 9/98, of September 18, enacted the Port Domain Law (*Lei do Domínio Portuário*), which includes a Port Spatial Plan (*Plano de Ordenamento Portuário*), the legal framework for private sector works and activities in the area of port jurisdiction, the definition of the Port Authority and its respective powers, and the definition of the duties of the users of port-domain land.

The General Port Concessions Principles (*Bases Gerais das Concessões Portuárias*) are set out in Decree no. 52/97, of July 18, in which a port concession is defined as an administrative contract whereby a port grants to a corporate person the management of the activities and services associated with cargo handling, using and developing for this purpose certain areas, infrastructures and equipment in the area under the jurisdiction of the port. Port concessions are governed by the administrative contract legislation. In this connection, Decree no. 66/09, of December 3, is also relevant (Licensing the Use of Port Domain Property Regulation/*Regulamento de Licenciamento do Uso de Bens do Domínio Portuário*), as ut lays down rules on use permits, and their duration and costs.

Decree no. 53/03, of July 11 (Port Operation Regulation/*Regulamento de Exploração dos Portos*), contains the fundamental provisions to be observed in the use of Angolan ports.

The Maritime Spaces Law (*Lei dos Espaços Marítimos*, Act no. 14/10, of July 14) was approved in order to regulate the maritime spaces under Angolan sovereignty and jurisdiction, and to combat smuggling, uncontrolled unloading operations, and the increasing number of transgressions of the fiscal, customs, health and migration laws. According to this act, inland waters, the territorial sea, the contiguous zone, the exclusive economic zone and the continental shelf are maritime spaces under the sovereignty and jurisdiction of Angola.

Additionally, the Merchant Marine, Ports and Ancillary Activities Law (*Lei da Marinha Mercante, Portos e Actividades Conexas*, Act no. 27/12, of August 28) provides the legal framework applicable to the merchant marine sector, maritime activities, nautical leisure and nautical sport and ports, in conjunction and integration with transport and logistics activities. The above-mentioned Law aims to systematize

the foundations of maritime law, with regard to technical and safety rules regarding vessels, ships and maritime equipments, rules applicable to crews, pilots and pilotage activity, rules applicable to occurrences at sea, and management of ports and port activity.

Several statutes mentioning the legal entities involved in maritime navigation activity, have been approved, namely:

- the Sailing Agent Statute (*Estatuto do Agente de Navegação*, Presidential Decree no. 50/14, of February 27, amended by Presidential Decree no. 44/16, of February 25) which provides that access to sailing activity depends on registry with the Angolan National Maritime Agency (AMN) created by Presidential Decree no. 292/21, of December 8, resulting from the merger between the Maritime and Port Institute of Angola (IMPA) and the Hydrographic and Maritime Signaling Institute of Angola (IHSMA). The above-mentioned statute, sets out the possibility of registering companies incorporated under Angolan laws the majority of whose share capital is held by Angolan citizens;

- the Regulations on the Activity of Ship Managers (Regulamento sobre a Actividade do Gestor de Navios, Presidential Decree no. 51/14, of February 27) establishes that the activity of ships manager also entails previous registry with AMN;

- the Regulations on Maritime Transport Activity (Regulamento sobre a Actividade de Transporte Marítimo, Presidential Decree no. 54/14, of February 28), which regulate the registration of an owner of a ship as a commercial ship-owner by making a request to AMN, together with prior authorization for acquisition or chartering of vessels);

- the Regulations on Nautical Sports and Recreation, Amateur Diving and Ancillary Activities (Regulamento da Náutica de Recreio e Desportiva, Mergulho Amador e das Actividades Correlacionadas, Presidential Decree no. 69/14, of March 21) aim to increase the security of nautical recreational and leisure activities, establishing the requirements and rules applicable to the registration, empowerment, training and certification of amateur recreational sailors, registration, classification, types of sailing and inspection of vessels and other objects used in nautical sports and recreation, registration of

marinas and other support infrastructures for nautical recreation, nautical clubs and sports entities, and amateur diving;

- the Regulation of Maritime Tourism (Presidential Decree no. 28/16, of January 27), which defines the legal regime applicable to maritime tourism by the operators, shipping agents and travel agencies involved, and the vessels they use in connection with this activity.

On December 5 1990 the Republic of Angola ratified the United Nations Convention on the Law of the Sea, signed at Montego Bay, which regulates the duty of member States to fix the breadth of their territorial seas through their base lines. The Law on the Base Lines to Delimitate and Demarcate Angolan Maritime Spaces (*Lei sobre as Linhas de Base para a Delimitação e Demarcação dos Espaços Marítimos de Angola*, Act no. 17/14, of September 29) was also approved.

In the oil industry, the provisions of Order-in-Council no. 10 756, of May 27 1959 (Handling of Petroleum Products in Ports of Angola Regulation/*Regulamento para Mov- imentação de Produtos Petrolíferos nos Portos de Angola*), which governs the handling of products of this kind and the Regulation of Environmental Protection in the course of Petroleum Operations (*Regulamento da Proteção do Ambiente no Decurso das Actividades Petrolíferas*, Decree no. 39/00, of October 10) must also be observed.

Finally, Presidential Decree 183/22, of July 22, approved Angola's National Strategy for the Sea (ENMA) 2030 with the aim of promoting increased social welfare, employment and national wealth, boosting the Blue Economy within a framework of sustainable development, supported by scientific knowledge and affirming Angola as a maritime reference point in its Geostrategic Framework, and also adopting as principles and values those set out in Article 4 of the Constitutive Act of the African Union, namely information sharing, communication, collaboration, cooperation, capacity building and coordination.

19.4. Electric sector

The electricity sector has its main source of legislation and regulation in Act no. 14-A/96, of May 31 (General Electricity Law/*Lei Geral da Electricidade*), amended and republished by Act no. 27/15, of December 12, which establishes the general framework of the legal regime concerning the generation, transmission, distribution,

trading and use of electrical energy, and principles in respect to: *(i)* rural electrification; *(ii)* safety of premises; *(iii)* the public electrical system, including establishing the competences of the respective regulatory body; *(iv)* concessions, licenses, tariffs and general conditions of sale; *(v)* the invoicing of electricity consumed and the relevant regulations. These activities are governed, in accordance with the provisions of the aforementioned statute, by the following principles:

- permanent supply of energy on terms in line with consumers' needs and national development;
- progressive reduction of costs through rationalization and efficiency in the resources used down the value chain, from generation to consumption;
- environmental protection in the conception and management of projects and in the undertaking of activities which make up the electricity sector's value chain;
- safety of persons and assets and respect for property rights in the engineering and implementation of projects in the electricity sector;
- compliance with safety rules regarding persons and assets and the respect for property rights in the engineering and implementation of projects, and in the use of equipment; and
- permanent search for better output levels with the aim of reducing the waste of natural resources and the production and accumulation of waste products.

This statute also enshrines the principles of: *(i)* equal treatment and opportunity in the exercise of the activities of generation, transmission and distribution of electricity; and *(ii)* the qualification of the transmission and distribution of electricity as a public service.

By virtue of the provisions of the Electricity Law, the Public Electricity System (*Sistema Eléctrico Público*/SEP) was created, encompassing the National Electricity Transmission Network (*Rede Nacional de Transporte de Energia Eléctrica*/RNT) and the generation, transmission and distribution facilities connected to it. Besides the

SEP, the activities which make up the electricity sector value chain may also be undertaken in a non-tied system.

The following statutes are equally relevant to the electricity sector:

- the Electricity Supply Regulations (*Regulamento do Fornecimento de Energia Eléctrica*), approved by Decree no. 27/01, of May 18;
- the Electricity Generation, Transmission and Distribution Facilities Licensing Regulations (*Regulamento de Licenciamento de Instalações de Produção, Transporte e Distribuição de Energia Eléctrica*), approved by Decree no. 41/04, of July 2;
- the Quality of Service Regulations (*Regulamento da Qualidade de Serviço*), approved by Presidential Decree no. 310/10, of December 31;
- the Commercial Relations Regulations (*Regulamento das Relações Comerciais*), approved by Presidential Decree no. 2/11, of January 5;
- the Tariff Regulations (*Regulamento do Tarifário*), approved by Presidential Decree no. 4/11, of January 6;
- the Network and Interconnection Access Regulations (*Regulamento do Acesso às Redes e às Interligações*), approved by Presidential Decree no. 19/11, of January 17;
- the Regulations on Independent Electricity Generation (*Regulamento da Produção Independente de Energia Eléctrica*), approved by Presidential Decree no. 43/21, of February 17;
- the Regulations regarding Public Electricity System Regulatory Information (*Regulamento de Informação Regulatória do Sistema Eléctrico Público*), approved by Presidential Decree no. 45/12, of February 22;
- the Regulations regarding Electricity Generation, Transmission, Distribution and Commercialization (*Regulamento das Actividades de Produção, Transporte, Distribuição e Comercialização de Energia Eléctrica*), approved by the Presidential Decree no. 76/21, of March 25.

19.4.1. Authorization for the undertaking of activities

In accordance with the combined provisions of the Electricity Law, the Electricity Distribution Regulations, the Electricity Generation Regulations and Act no. 25/21, of October 18 (which defines the sectors of economic activity in Angola), the undertaking of the activities of generation, distribution and transmission of electricity is subject to authorization by the State or a public body, through the granting of a concession or a license.

As regards the generation of electricity, the Electricity Generation, Transmission, Distribution and Marketing Regulations state that electricity generation can be done under a public service concession or under a free competition regime when it is totally or partially intended for public supply.

Pursuant to the terms of the Electricity Generation, Transmission, Distribution and Marketing Regulations, the distribution of electricity is carried out under a public service regime through a concession or license, when it concerns isolated networks and is carried out on an exclusive basis in the area covered by the Concession or license, as applicable, without prejudice to the exercise by third parties of the right to access to the network.

Under the same statute, it is established that the undertaking of the activity of distribution of electricity is subject to the granting of a concession by the holder of the executive power.

On the other hand, distribution of electricity in isolated networks is subject to the granting of a license by the Minister of Energy Superintendence, and this competence may be delegated to the Local State Administration Bodies in their areas of jurisdiction.

Electricity transmission is carried out on an exclusive basis, through the award of a public service concession, as established in the Electricity Generation, Transmission, Distribution and Marketing Regulations. The Concession includes the license for final resource supply to final customers directly connected to the transmission network or to production facilities connected to the SEP, without prejudice to the unbundling obligations provided for in the same Regulation.

Lastly, the transfer of rights and obligations in concession agreements and the transfer of licenses for the undertaking of the aforementioned electricity sector activities are subject to the approval of the granting or licensing authority, as long as the conditions that led to the award are maintained.

19.4.2. Independent electricity generation

The General Electricity Law introduces the concept of independent electricity production, which allows independent producers to interconnect with the SEP to sell their electricity generation surpluses by signing a Power Purchase Agreement. Independent generation is considered an opportunity for the development of endogenous and renewable energies, in compliance with the goals of the national strategy for new renewable energies.

Under the Independent Generation Regulations, independent electricity generation under the general regime is deemed to be electricity generation based on an Independent Generation Unit (IPU) with a valid Power Purchase Agreement (PPA), entered into with the Concessionaire of the National Transmission Network (RNT), for the sale of surplus energy, and which has a valid registration.

19.4.3. Licensing of electrical facilities

The construction and operation of electrical facilities associated with the activities of generation, distribution and transmission of electricity are also subject to licensing, pursuant to the provisions of the Electrical Facilities Regulations. The competent authority to license the abovementioned facilities is, in principle, the Ministry responsible for the energy sector (Ministry of Energy and Waters).

The licensing process commences with a request for an establishment license, which must be presented together with the respective project for the facility. Once a request is approved and license issued, the electrical facilities must be finished within a two year period counting from the date of issuance of the establishment license.

After the completion of an installation, a request for inspection is made to the licensing entity. If the installation complies with regulatory standards and is in accordance with the project as approved, the licensing entity can authorize the

provisional operation of the facility. The corresponding operational license is then issued within a fifteen day period.

A change in the entity which operates electricity facilities subject to licensing through transfer, lease or disposal triggers the obligation for the transferee, lessee or acquirer to request within 30 days the endorsement of said operational license.

19.4.4. Commercial relations and access to networks

TIED AND NON-TIED SUPPLY

The regulation of the Angolan electricity system determines that the supply of electrical energy may be made within the SEP (that is, in a tied system) or outside the SEP (that is, in a non-tied system).

The SEP encompasses the generation, transmission, distribution and supply of electricity in a public service regime and the commercial relations between the entities which operate in the SEP are guided by the following general principles:

- guarantee of supply of electricity on terms suited to the necessities of clients;
- guarantee of the necessary conditions for the economic and financial equilibrium of the entities comprising the SEP;
- equal treatment and opportunities;
- competition, without prejudice to compliance with public service obligations;
- impartial decision-making;
- freedom of choice of generator or supplier;
- transparency in rules applicable to commercial relations;
- right to information and confidentiality of commercial information deemed sensitive; and

- rationality and efficiency of means to be used.

The agents participating in he SEP are: *(i)* tied generators; *(ii)* the concessionaire of the National Transmission Network or RNT (currently, Rede Nacional de Transporte, E.P.); *(iii)* the distributors of high voltage, medium voltage and low voltage electricity; and *(iv)* tied clients.

The RNT concessionaire also exercises important functions within the scope of the SEP, including:

- overall management of the SEP;
- acting as single buyer of electricity to generators;
- ensuring the satisfaction of the demand for electricity in the SEP;
- allowing free access from third parties to the RNT;
- requesting that agents partaking in the supply of electricity, inside and outside the SEP, provide all necessary information for the commercial management of the system; and
- acting as a supplier of electricity.

Pursuant to the provisions of the Commercial Relations Regulations, the supply of electricity in the SEP encompasses the following stages:

- tied generators sell electricity generated to the concessionaire of the RNT through power purchase agreements;
- the electricity acquired by the RNT concessionaire is then sold, in bulk and for a single price, to distributors;
- distributors sell the electricity, in a non-discriminatory fashion (that is, to every person which requests it), to final customers or to the concessionaires of distribution networks of a voltage which is lower than theirs.

The supply of electricity outside the SEP is done through bilateral agreements between generators and non-tied clients, without prejudice to compliance with the applicable provisions of the Electrical Facilities Licensing Regulations and Network Access Regulations.

Despite not being a part of the SEP, non-tied generators and independent suppliers may sell energy to the SEP, subject to the prior attainment of a concession or license for such purpose.

Lastly, it is worth mentioning that electricity supply agreements outside the SEP must be submitted to the Electricity and Water Services Regulatory Institute (*Instituto Regulador dos Serviços de Electricidade e Água*/IRSEA) for approval, homologation and registration. This regulatory authority may also define situations where bilateral agreements entered into within the scope of the SEP may be submitted for approval, homologation and registration.

ACCESS TO NETWORKS

The Network Access Regulations grant right of access to the networks of the SEP (RNT and tied distribution networks) to the following entities:

- holders of a tied concession or license for the generation of electricity;
- holders of a non-tied concession or license for the generation of electricity;
- tied clients;
- non-tied clients; and
- auto suppliers or private suppliers.

Access to networks must be managed in a non-discriminatory fashion by the RNT concessionaire and high voltage and low voltage tied distributors, as long as they have, as applicable, transmission or distribution capacity in their respective networks and such access does not affect the standards of quality of service and security of supply.

Technical and commercial terms and conditions to use SEP networks and interconnections vary in accordance with the type of user and network and must be agreed upon by the relevant agents.

Use of networks grants the RNT concessionaire and tied distributors the right to be remunerated for the use of their facilities and services, through the attribution to clients, as applicable, of: *(i)* the tariff for the use of the very high voltage and high voltage transmission network; *(ii)* the tariff for the use of the high voltage distribution network; *(iii)* the tariff for the use of the medium voltage distribution network; *(iv)* use of system tariff; and *(v)* network supply tariff.

SUPPLY OF ELECTRICITY

The main provisions regarding the supply of electricity to the final consumer (at very high, high, medium or low voltage) may be found in the Supply Regulations, according to which suppliers (the RNT concessionaire or the distributors) are obliged to supply electrical energy to persons who request it and on equal terms, notably as regards the conditions for connection and applicable tariffs.

Supply of electricity must be permanent and continuous and may only be interrupted for reasons attributable to a client or by agreement with said client, save for cases of fortuitous events or *force majeure*.

Agreements for the supply of electricity entered into between suppliers and final customers must be done in writing and obey the template agreement approved by the supervising body and the provisions of the Supply Regulations. Among the provisions which must be included in said agreements, we highlight the following:

- agreements are entered into for one-month periods, and may be renewed successively for equal periods (notwithstanding the possibility of termination);

- termination of an agreement can occur via an agreement between the supplier and the customer or by an interruption of the supply of electricity (for reasons attributable to the client) which extends for a period of over 90 days; and

- the person requesting the supply of electricity must guarantee, before or at the same time as entering of the agreement, compliance with his obligations through a deposit bond.

DISPUTE RESOLUTION

Disputes and litigation emerging from commercial relations between participants in the Angolan electricity system may be resolved through administrative, pre-judicial and jurisdictional mechanisms, pursuant to the terms of, among others, the Commercial Relations Regulations and the Network Access Regulations.

Interested parties may present to IRSEA petitions, complaints or claims against actions or omissions of regulated entities which are not of a contractual nature (meaning that they derive from applying said regulations). IRSEA's decisions are binding for SEP entities targeted by such decisions.

At a pre-judicial stage, it is possible to file claims with the relevant SEP entity, with which there is a contractual or commercial relationship; the SEP entity must in turn respond to the claims addressed to them within 30 days. There is also the possibility to resort to mediation and conciliation procedures through which IRSEA may either take a position on the resolution of the conflict or suggest that the parties agree on the resolution of the dispute.

As regards jurisdictional conflict resolution, the above-mentioned regulations give priority to recourse to voluntary arbitration mechanisms. To this end, SEP entities may propose to their clients the inclusion of an arbitration clause in the respective agreement. Submitting disputes to courts is not, however, excluded, pursuant to the terms of the Electricity Act.

19.4.5. Tariffs

The tariff system for the electricity sector in Angola is governed by the Tariff Regulation and Executive Decree no. 122/19, of May 24, which establishes electricity sales tariffs, based on formulas, their variables, power factors and multipliers, and applies to the different types of consumers in Angola.
Setting of tariffs in the electricity sector is based on principles of:

- sustainability of the sector;
- general electrification of the country;
- support for economic efficiency;
- existence of a maximum tariff;
- existence of minimum cost tariffs which are compatible with the quality of service;
- economic and financial equilibrium of companies which operate efficiently;
- transparency in the attribution of subsidies to consumers;
- support for energy efficiency;
- existence of a single tariff for the entire country;
- transparency in the setting of tariffs.

The tariff structure is established by the competent body in the Executive, upon IRSEA's proposal, and is applied by the RNT concessionaire and the distribution companies to users connected to their networks. The value of the tariffs is calculated based on the formulas provided for in the Tariff Regulations in conjunction with Executive Decree no. 122/19, of May 24.

Pursuant to the provisions of these regulations, the costs which may be transferred to tariffs are based on the costs of the entities which run the transmission and distribution networks, plus a reasonable rate of return, calculated in accordance with widely accepted valuation methodologies.

In relation to the calculation of the revenues of the transmission network concessionaire, these include: *(i)* efficient investment costs; *(ii)* efficient operation and maintenance costs; *(iii)* other costs necessary to develop the activity in an efficient fashion; and *(iv)* a fair profitability from efficient investments.

AS regards revenues allowed for distribution costs, the calculation of said costs is made considering two components: *(i)* the remuneration of the activity of distribution through high, medium and low voltages (termed distribution standard aggregated value or VADP); and *(ii)* the remuneration of operation and investment costs of the connections to consumers' facilities (also known as the connection fee).

19.4.6. Regulatory information

The Regulations on Regulatory Information for the Public Electricity System establish the obligation for entities in the Public Electricity System to provide regulatory information to the Regulatory Institute for Electricity and Water Services (IRSEA).

The Regulation complies with the following general principles:

- clarity and stability of the rules and control of the sector – the existence of clear and stable rules that allow the proper functioning of the Sector and the control of the performance of the Sector as a whole and of each company in particular;

- transparency – the existence of objective and clear regulatory rules that lead to transparency in commercial relations between operators;

- prevention of anti-competitive conduct – the existence of a regulatory environment that prevents conduct that violates competition rules, is monopolistic, discriminatory or abuses a dominant position among participants in the various activities of the Electricity Sector;

- regulatory management – regulatory information can be used to assess the performance of the regulatory activity;

- accuracy and timeliness in the provision of information – the information submitted by agents must be within the defined timeframe and quality, for the calculation of prices and tariffs, allowing, among other aspects:

- establishing of the tariff structure;

- comparison of performance among companies;
- estimate of the evolution of the sector's productivity
- reduction of regulatory risk and costs – the content of the information and the procedures for requesting and using it by the Regulator must comply with two conditions:
- reduction of regulatory risks;
- benefits associated with the regulatory function higher than the respective costs.

The obligation concerns accounting, quality of service and statistical information, relating to all agents in the SEP, notably:

- tied producers;
- the concessionaire of the National Transmission Network (RNT);
- entities holding concessions or licenses for the distribution of electricity at high voltage, medium voltage and low voltage;
- entities holding electricity supply licenses.

The Regulations do not apply to agents who are not part of the SEP, although they are related to it, who are only obliged to provide information under the terms and conditions specified in their concession contracts or licenses, notably:

- non-tied producers connected to the SEP networks;
- self-producers and independent producers who supply electricity through access to the SEP networks.

It is established that agents obliged to provide information must, within 150 days of the end of the accounting year, on paper and digitally, present the company's annual financial statements, drawn up in accordance with the legal and accounting

standards in force in the Republic of Angola, accompanied by an audit report signed by an independent auditor and which must include:

- balance sheet;
- profit and loss account;
- source and application of funds;
- cash flow statement;
- notes to the balance sheet, including the evolution of the equity situation;

Agents covered by the Regulations must send additional accounting information to the IRSEA by the deadline and in the format indicated above, which must be duly reconciled with the basic accounting information and accompanied by an audit report signed by an independent auditor.

All data provided to the IRSEA must be subject to a specific audit for regulatory purposes and accompanied by an audit report signed by an independent auditor, the costs of which must be borne by the agent requesting them. To this end, the IRSEA reserves the right to select the auditor of the regulatory information provided for in the Regulations, who must be a different entity from the auditor of the company's annual financial statements, with the respective costs being borne by the company.

19.5. Petroleum

The Constitution of Angola stipulates that on-shore and off-shore oil fields in Angolan territory, and those in internal waters, in territorial seas, in the exclusive economic zone or on the continental shelf are part of the public domain of the State.

The mining rights for oil fields are assigned to the national concessionaire, the National Agency for Petroleum, Natural Gas and Biofuel (*Agência Nacional de Petróleo, Gás e Biocombustível*) (National Concessionaire), which cannot assign these mining rights.

The rules of access to and pursuit of petroleum operations, that is, the prospecting, exploration, appraisal, development and production of crude oil and natural gas are regulated by Act no. 10/04, of November 12 (Petroleum Law/*Lei das Actividades Petrolíferas*), and Decree no. 1/09, of January 27 (Petroleum Operations Regulation/*Regulamento das Operações Petrolíferas*). According to these laws, oil operations can only be exercised under a prospecting license issued by the Ministry of Mineral Resources, Petroleum and Gas, or an oil concession, awarded by the Government.

19.5.1. The petroleum sector

The petroleum sector in Angola has been gradually reformed and reorganized, with a view to adapting the sector to the new legal, contractual and regulatory practices of the petroleum industry. Such reform encompasses the amendment of the legal status of Sonangol – E.P. which was, in the past, charged with the responsibilities of the National Concessionaire along with other general responsibilities involving its intervention at all stages in the value chain (from upstream to downstream). Accordingly, Sonangol – E.P. is now carrying out its main goals, that is the activities of prospection, research, production, transportation, trading, refinery and transformation of hydrocarbons, including petrochemicals, with its former responsibilities having been allocated to a national petroleum agency. This authority, called the National Agency for Petroleum, Natural Gas and Biofuels (*Agência Nacional de Petróleo Gás e Biocombustível*) is responsible for supervising and regulating the sector, preparing and allocating petroleum blocks and resolving disputes between the government and the different stakeholders.

Currently, the ministry responsible for the petroleum sector is the Ministry of Mineral Resources, Petroleum and Gas, which had its statute approved by Presidential Decree no. 159/20, of June 4. Accordingly, the Ministry of Mineral Resources, Petroleum and Gas is responsible for coordinating, supervising, monitoring and controlling petroleum and mining activities.

The Ministry of Mineral Resources, Petroleum and Gas oversees, along with the National Agency for Petroleum, Natural Gas and Biofuels, the National Petroleum Office (*Direcção Nacional de Petróleos*), which is responsible for promoting the carrying out of national policies on oil and gas, issuing reports and opinions, and monitoring the execution of production development plans and oil prices. This authority is

also charged with defining the development and production strategy for existing deposits.

19.5.2. Prospecting licenses

Any upstanding domestic or foreign company having the necessary technical and financial capacity may apply to the Ministry of Mineral Resources, Petroleum and Gas for the issue of a prospecting license to determine the petroleum potential of a given area.

The maximum term of a prospecting license is three years and it may exceptionally be extended at the request of the licensee.

A prospecting license entitles the applicant to conduct geological, geochemical and geophysical research, the processing, analysis and interpretation of the acquired data, and regional studies and mapping, for the purpose of locating oil and natural gas fields. This right is not exclusive to the applicant to whom the license is granted, nor is the licensee granted any right of first refusal with respect to oil production in the area to which the license relates.

The data derived from petroleum prospecting operations carried out under a prospecting license are State property and may be used by the licensee and the National Concessionaire. The Ministry of Mineral Resources, Petroleum and Gas may authorize the sale of the data by the licensee, after consulting the National Concessionaire, the net proceeds of such sales being shared by the licensee and the National Concessionaire.

A prospecting license is extinguished by rescission, termination or expiry. There may be a rescission if a licensee fails to fulfil its obligations or if *force majeure* prevents it. The licensee may terminate it if it fulfills all its obligations under the license. Lastly, a license lapses on expiry of its validity period, on the extinction of its holder or as a result of ending of a fixed term provided for therein.

19.5.3. Petroleum concession

For petroleum operations outside the scope of a prospecting license, the companies interested must join up with the National Concessionaire for the joint exercise of activities.

This association between national or foreign companies of proven competence and technical and financial capacity and the National Concessionaire is subject to prior approval of the Government and may lead to: *(i)* the incorporation of a company; *(ii)* the entering into of a consortium agreement; or *(iii)* the entering into of a production-sharing agreement.

The National Concessionaire may also carry out petroleum operations through risk service contracts.

The concession covers:

- the exploration period – which includes the search phase (prospecting, drilling and well-test activities leading to the discovery of reservoirs) and the evaluation phase (activity after the discovery of a deposit in order to define the parameters of the field to determine its marketability, including drilling appraisal wells and performing depth tests, collection of special geological samples and the fluids of the reservoirs, performing studies and gathering additional geophysical data and their processing, among others); and

- the production period – which includes the development phase (activities after determining that a discovery is commercial, including geological studies, drilling of production and injection wells, design, construction and installation, and the connection and initial verification of the equipment required to extract oil) and the production phase (activities relating to the extraction of oil, including the operation of completed wells and of the equipment installed during the development phase, the sale, collection, processing, storage and shipment of the oil and also the operations involved in shutting down the reservoirs).

The concession may cover just the production period. The terms of concessions and their different periods and phases are laid down in the concession decree, together

with the area covered by them. In this case, Presidential Legislative Decree no. 5/18, of May 18, establishes a legal regime applicable to additional exploration activities in blocks which are already under development. Accordingly, if one or more deposits are found beyond the limits of the area covered by the concession, the area may be redefined in order to encompass the resources found beyond ir as long as such resources are not encompassed in another agreement.

The Government may assign a concession directly to the National Concessionaire, should it wish to carry out petroleum operations in a particular area without having to associate with other entities.

Should the National Concessionaire wish to associate with other companies to jointly carry out petroleum operations, it requests the Ministry of Mineral Resources, Petroleum and Gas to issue a public call for tender for the selection of the companies that will become its associates in oil exploration and production in a given area. The assignment of the status of associate of the National Concessionaire by direct negotiation may only occur when, after a public call for tender, such status has not been assigned for lack of tenders or because the Ministry of Mineral Resources, Petroleum and Gas considered the tenders unsatisfactory.

A concession is extinguished by agreement between the State and the National Concessionaire, rescission or termination by the National Concessionaire, redemption or expiry under the following terms:

- the National Concessionaire may apply to the State for, by agreement, the extinction of a concession because of the technical or economic infeasibility of oil production in the concession area (if the National Concessionaire is associated with third parties, the said application must also be signed by the associates);

- rescission of a concession may occur if oil operations are not undertaken, if any reservoir is abandoned without the authorization of the Minister of Mineral Resources, Petroleum and Gas, if there are serious, reiterated violations of the law or concession decree, or any mineral not covered by the object of the concession is intentionally extracted;

- the National Concessionaire may waive all or part of a concession area at any time during the production period, provided it fulfills all its legal and contractual obligations (the waiver must also be signed by the associates of the National Concessionaire, if any);

- a concession may be totally or partially redeemed by the State, for reasons of public interest, upon payment of fair compensation; and

- expiry of the period of exploration or its extensions (except for areas where there are ongoing petroleum operations or in respect of which a commercial discovery has been declared), the end of the production period or its extensions, the extinction of the National Concessionaire or ending of a fixed term provided for in the concession decree.

Once a concession is extinguished, all property acquired for the performance of the petroleum operations and all the technical and economic data obtained during their execution shall revert to the National Concessionaire.

19.5.4. Public tender

The principle of public tender applies not only to the selection of the associates of the National Concessionaire but also to contracting the services and procurement of goods needed to carry out petroleum operations.

The rules and procedures of public tenders within the scope of petroleum operations are established by Presidential Decree no. 86/18, of April 2 (as rectified by Rectification 11/18, of May 30).

The recognition of any oil company as an "associate" of the National Concessionaire is made subject to a public tender. Such tender may be limited to: *(i)* small and medium oil companies; or *(ii)* Angolan companies, *i.e.* companies with their registered office in Angola and with at least 51% of their share capital held by Angolan nationals.

In turn, a public tender for the acquisition of goods and services is also subject to a specific tender procedure in accordance with the price of the goods or services being acquired:

- up to USD 1 million (or equivalent amount in national currency): contracts may be awarded freely, without a tender. However, the operator is bound to send a quarterly report to the National Concessionaire on the contracts entered into under this procedure and the relevant counterparties;

- between USD 1 million and USD 5 million (or equivalent amount in national currency in a period of time of five years): the award should be followed by a public tender, without the need for approval of the National Concessionaire, although these contracts are also subject to the same quarterly reports to be submitted to the National Concessionaire (including the relevant counterparties);

- greater than USD 5 million (or equivalent amount in national currency): the operator is to carry out a public tender observing the express procedure laid out in the statute. After the tender, the operator submits its assessment of the tenders and its recommendation to the National Concessionaire. In turn, the National Concessionaire may accept or refuse the operator's recommendation; if the latter, the operator has to remedy the defects in the rejected proposal.

A public tender is not mandatory for goods and services of any value in the following circumstances: *(i)* emergencies; or *(ii)* situations in which the goods or services are only available from one supplier.

19.5.5. Investment risk during the exploration period

The investment risk during the exploration period is borne by the associates of the National Concessionaire, which are not entitled to recoup the capital invested if there is no commercial discovery.

19.5.6. Local content

Companies that are granted prospecting licenses, companies that are granted oil concessions in association with the National Concessionaire and the National Concessionaire, plus companies that co-operate with them in their petroleum operations, must acquire Angolan materials and equipment and hire Angolan service providers, insofar as these are identical to those available in the international

market for delivery in good time and to the extent that their prices are no more than 10% higher than the cost of imported items or services, including customs, tax and shipping and insurance costs. The Ministry of Mineral Resources, Petroleum and Gas is responsible for preparing a list of Angolan entities which provide goods and services to petroleum operations. Companies in such list have to be mandatorily consulted in advance of any tender relating to their commercial activity.

Additionally, the associates of the National Concessionaire must participate in efforts to assimilate, train and professionally promote Angolan citizens. Companies that perform oil operations in Angola are required to employ Angolan citizens in every category and function, unless in the domestic market there are no Angolan citizens having the required skills and experience.

19.5.7. The downstream and midstream sectors

Crude oil refining and the storage, transportation, distribution and marketing of petroleum products undertaken by refinery operators, storage operators, transportation operators, distribution operators, wholesalers and retailers are governed by Act no. 28/11, of September 1 (Oil and Gas Distribution and Marketing Law/*Lei sobre a Refinação de Petróleo Bruto, Armazenamento, Transporte, Distribuição e Comercialização de Produtos Petrolíferos*).

The oil and gas downstream sector was further regulated with the enactment of Presidential Decree no. 208/19, of July 1, which approved, *inter alia*, the rules applicable to the refining of crude oil, the storage of petroleum products their transportation by pipeline and the operation of wholesale and retail markets.

Moreover, Act no. 26/12, of August 22 (Oil and Gas Storage and Transportation Law/*Lei do Transporte e Armazenamento de Petróleo Bruto e Gás Natural*) came into force setting out the rules applicable to the transport and storage of crude oil and natural gas connected with petroleum operations carried out under the Petroleum Law.

19.5.8. Performance guarantee

Upon the issue of a prospecting license or the entering into of a contract with the National Concessionaire, the licensees and associates of the National Concessionaire must provide a bank guarantee to ensure fulfilment of the work

obligations taken on. In the case of a prospecting license, the amount of the guarantee is 50% of the value of the estimated work. As for the associates of the National Concessionaire, the amount of the guarantee shall be of the value that comes to be agreed for the mandatory work schedule of the oil concession. The aforementioned guarantees are provided via a cash deposit or bank guarantee.

The National Concessionaire may also require its associates to present a parent company guarantee.

19.5.9. Gas flaring

The use of natural gas produced at any reservoir is mandatory, and its flaring is prohibited, except for a short period of time and only when required for operational reasons. The Ministry of Mineral Resources, Petroleum and Gas may allow associated gas flaring to render possible the exploitation of small reservoirs.

19.5.10. Supervision of petroleum operations

The activity of the licensees, the associates of the National Concessionaire and the National Concessionaire relating to petroleum operations is overseen by the Ministry of Mineral Resources, Petroleum and Gas.

The Ministry of Mineral Resources, Petroleum and Gas may be assisted by qualified entities appointed by it in its duties of inspection, supervision, verification, and technical, economic and administrative monitoring of the licensees, the associates of the National Concessionaire and the National Concessionaire, and must have free access to all sites and facilities where these activities are carried on.

The initiative in the initiation and preparation of infringement procedures and the application of the respective fines lies with the Ministry of Mineral Resources, Petroleum and Gas. Fines for breaches of the Petroleum Operations Regulations may vary from AOA 3.7 million to AOA 111 million.

19.5.11. Ownership of the oil and limits to its disposal

The point of transfer of ownership of the oil produced lies beyond the mouth of the well, and the associates of the National Concessionaire may freely dispose of

their share of the oil produced, except in cases where it is needed for domestic consumption and is requisitioned as described hereunder.

The Government may require the National Concessionaire and its associates to provide, from their respective share of production, an amount of oil to meet Angolan domestic consumption needs, this going to an entity designated by it. The participation of the Concessionaire and its associates in meeting the country's domestic consumption needs cannot exceed the proportion between the annual production of the concession area and Angola's total annual production of oil and may not exceed 40% of the total production of the area of the concession in question.

In the event of a national emergency, the Government may also order the requisition of all or part of the production of any concession and demand that production be increased to the maximum extent technically feasible. The Government may likewise order the requisition of the oil facilities of any concession. These requisitions are subject to compensation by the Government.

19.5.12. Disputes

Disputes between the Ministry of Mineral Resources, Petroleum and Gas and the licensees or between the National Concessionaire and its associates about contractual matters that are not resolved by agreement shall be resolved by arbitration. The arbitral tribunal must sit in Angola under Angolan law and the arbitration must be conducted in Portuguese.

19.5.13. Decommissioning

The procedures for the decommissioning of petroleum operations were provided for, rather briefly, in the Petroleum Activities Law and in the Petroleum Operations Regulations. However, this regime was significantly complemented by the entry into force of Presidential Decree no. 91/18, of April 10.

The latter statute provides for the development and submission to the National Concessionaire of an environmental impact study as well as a provisional and final decommissioning program. The provisional program is to be updated every three years. In turn, the final program arises out of the successive updates and alterations

of the provisional program. The final program is to be submitted to the National Concessionaire 24 months before the end of production. After submission, the National Concessionaire and its associates jointly prepare the decommissioning program, which is submitted to the Ministry of Mineral Resources, Petroleum and Gas.

After the activities provided for in the program are concluded, the wells and the related infrastructure are delivered to the National Concessionaire. After the delivery, the National Concessionaire issues a certificate of release from liability whilst the Ministry of Mineral Resources, Petroleum and Gas issues a certificate of termination of the decommissioning works after a final inspection carried out by the Ministry of Mineral Resources, Petroleum and Gas and other competent public authorities.

19.5.14. Marginal discoveries

Aimed at collecting additional revenue from taxes, the Presidential Legislative Decree no. 6/18, of May 18 (rectified by Rectification no. 13/18, of July 31), entered into force on May 18 2018, providing for a flexible contractual and tax regime for the development of marginal discoveries. A marginal discovery is described in the statute as one or more deposits, which, at a given moment, only allow for limited income and profitability, thereby not qualifying for a commercial discovery declaration.

The statute provides for an adjustment of the contract entered into with the National Concessionaire (*i.e.* production sharing agreement, etc.) and the applicable taxes, for the purposes of promoting the development of such marginal discoveries – albeit, these adjusted terms will only apply to the marginal reserve. The revised contractual and fiscal terms are to be published in the Official Gazette, as an Executive Decree, along with the relevant marginal reserve declaration.

19.6. Natural gas

19.6.1. The natural gas sector

In the terms initially provided for under the Petroleum Activities Law (Act no. 10/04, of November 12), the appraisal, exploration, assessment, development and production of natural gas are included in the definition of petroleum operations.

However, as a result of Act no. 8/18, of May 10, which authorized the enactment of an autonomous regime applicable to natural gas, and the consequent Presidential Legislative Decree no. 7/18, of May 18 (which approved the Legal and Tax Regime applicable to the Appraisal, Exploration, Assessment, Development, Production and Sale of Natural Gas in Angola), these activities now benefit from an autonomous framework. Nevertheless, the Petroleum Activities Law continues to apply to natural gas in matters which are not regulated by Presidential Legislative Decree no. 7/18.

Following the recognition that natural gas required a different legal and fiscal framework from the regime applicable to oil, the aforementioned Legal Regime represents a significant deviation from the provisions of the Petroleum Activities Law, in particular:

- the concession decrees and respective contracts may establish longer periods of exploration;
- the remaining conditions of the contract to be entered into with the National Concessionaire are to be determined on a case-by-case basis; and
- other tax benefits may also be granted when the underlying economic conditions so require.

19.6.2. Angola LNG

Resolution no. 17/01, of October 12, declared that reception and processing of gas, production of liquefied natural gas (LNG) and their marketing (Angola LNG Project, *Projecto Angola LNG*) were of public interest.

The project for the use of natural gas by conversion into LNG was initially developed by the National Concessionaire and a number of affiliates of other companies. Feasibility studies suggested the need for the creation of tax, foreign-exchange and customs incentives capable of generating a balance between the interests of the Angolan State and a fair return and compensation for the promoters' investment risk.

In this connection, Decree-Law no. 10/07, of October 3, enacted the Angola LNG Project legislation (Project Legislation/*Regime Jurídico do Projecto*), stipulating that the Angola LNG Project is subject, with some adjustments, to the rules applicable to oil activities, namely the Petroleum Activities Law/*Lei das Actividades Petrolíferas*, the Taxation of Petroleum Activities Law (*Lei sobre a Tributação das Actividades Petrolíferas)* and Act no. 11/04, of November 12, on the Customs procedures applicable to the oil industry. Thus, for example, the Project Legislation introduces alterations to the scope, taxable entities and tax rate on oil income, increases the list of goods exempt from Customs Duties and creates a special exchange-rate mechanism for activities performed under the Angola LNG Project.

Furthermore, the storage, transportation, distribution and sale of gas products are mainly governed by the Oil and Gas Distribution and Marketing Law (*Lei sobre a Refinação de Petróleo Bruto, Armazenamento, Transporte, Distribuição e Comercialização de Produtos Petrolíferos*, Act no. 28/11, of September 1) while the transport and storage of natural gas arising from operations carried out under the Petroleum Law is governed by the Oil and Gas Storage and Transport Law (*Lei do Transporte e Armazenamento de Petróleo Bruto e Gás Natural*, Act no. 26/12, of August 22).

Although the procurement of goods and services from Angolan and foreign suppliers by Angola LNG Limited (the prime entity responsible for implementing the project) must follow transparency and economic efficiency principles, the Project Legislation (except for goods and services related to non-associated gas operations) precludes the application of Decree no. 48/06, of September 1, which establishes the rules for public tenders for the procurement of goods and services required for petroleum operations – which was revoked by Presidential Decree no. 86/18, of April 2.

The storage, transportation, distribution and sale of oil derivatives are regulated by the Law on Refinement, Storage, Transport, Distribution and Sale of Petroleum

Products (Act no. 28/11, of September 1), whilst the transportation and storage of petroleum obtained from petroleum operations are regulated by the Law on the Transportation and Storage of Oil and Natural Gas (Act no. 26/12, of August 22).

The export of fuels is regulated by Executive Decree no. 140/22, of February 24, which establishes the rules and procedures for their export within national territory, which requires a prior export authorization to be issued by the Petroleum Derivatives Regulatory Institute/*Instituto Regulador dos Derivados do Petróleo* (IRDP).

19.7. Biofuels

The general bases for the encouragement of cultivation of sugar cane and other plants for biofuel production are set out in Act no. 6/10, of April 23 (Biofuels Act/*Lei sobre os Biocombustíveis*). One of the principles established by this act is to promote and foster electricity production using biomass (plant or animal materials and their biodegradable waste), to diversify Angola's energy mix.

The Biofuels Act also stipulates that the incentives to be granted to the production of biofuels are those provided for in Act no. 10/21, of April 22 (Private Investment Law/*Lei do Investimento Privado*), and Act no. 17/03, of July 25 (Tax and Customs Incentives for Private Investment Law/*Lei sobre os Incentivos Fiscais e Aduaneiros ao Investimento Privado*, as amended by the current version of the Private Investment Act), alongside others yet to be defined.

The Biofuels Commission was created by the Biofuels Act and is chaired by the Ministry of Mineral Resources, Petroleum and Gas who has responsibility, inter alia, for: promoting agro-industrial activities; supporting the process of granting land rights over land with poor soil with a view to cultivating plants for the production of biofuels; inspecting and supervising the agro-industrial activities and storage, transportation, distribution and marketing of products and by-products of sugar cane and other plants intended only for biofuel production; analyzing and issuing opinions on agro-industrial investment projects involving biofuels before the Agency for Private Investment and the Promotion of Exports (formerly Agency for the Promotion of Investment and Exports of Angola and, before that, the National Private Investment Agency, extinguished by Presidential Decree no. 81/18, of March 19, as amended by Presidential Decree no. 8/20, of January 24, which created the Agency for Private Investment and the Promotion of Exports) carries out the

respective approval process; and undertaking, working with the Ministry of Finance, the process of fixing prices and respective corrections, changes and updates.

The land right to be allocated to farmers and industrial entities in order to cultivate sugar cane and other plants for biofuel production is, in principle, a surface right, awarded for a period of 30, renewable up to 60, years. When such leasehold rights terminate, the land and respective undertakings revert to the State, without any obligation to compensate investors. The full and complete use of the land subject to the land right, the setting up of factories and the commencement of production must take place within a maximum of six years.

The agro-industrial facilities shall be constructed on the land on which land rights were granted for the cultivation of sugar cane and other plants intended solely for the production of biofuels.

Provided the following entities have a proven technical, economic and financial capability, mainly concerning compliance with demands relating to product quality, sustainable production and environmental licensing, such entities may be promoters of industrial projects relating to biofuels: *(i)* State-owned companies, including in association with Angolan individuals and legal entities; *(ii)* individuals and legal entities of Angolan nationality; *(iii)* commercial companies and cooperatives established in Angola; and *(iv)* individuals of foreign nationality and commercial companies having their registered office abroad, always in association with natural or corporate persons of Angolan nationality.

Such promoters of projects relating to biofuels must preferably employ mostly Angolan workers and use domestic goods and services.

Additionally, agro-industrial projects for the production of biofuels must include infrastructures of a social nature, such as housing, childcare, schools, hospitals, health centers, and recreational and sports facilities, with basic sanitation, lighting, fresh water supply and proper housing for low-income workers, and areas on which to grow vegetables and rear livestock for their own consumption. The costs of construction, operation and maintenance of these infrastructure is for the account of the investors, who must also participate in any projects by Government or local authorities to build access roads and social health and transport structures.

Investors in agro-industrial biofuel production are also bound, in particular: *(i)* to supply to the National Concessionaire, under a contract of sale, that part of the production necessary for meeting domestic-consumption needs; *(ii)* not to use the land on which land rights have been granted for purposes other than those for which it is intended; *(iii)* to provide free medical care to low-income workers and their spouses, minor children and parents without proven resources; *(iv)* to respect the pathways that rural inhabitants use to gather water, firewood, charcoal and game and to visit nearby villages; and *(v)* to restore the land to as natural a state as possible at the end of the project.

In keeping with the polluter-payer principle, 1% of the profits of a biofuel operation must be invested in the development of environmental projects, in scientific and technological research, and in innovation.

Breach of legal obligations by agro-industrial biofuel-production entities is subject to fines, loss of exemptions, incentives and other facilities and the termination of the authorization to pursue the business (penalties that are applied by the Agency for Private Investment and the Promotion of Exports, formerly Agency for the Promotion of Investment and Exports of Angola and, before that, the National Private Investment Agency) and, in certain cases, may involve criminal liability.

Lastly, reference is made to the establishment of the Ministry of Mineral Resources, Petroleum and Gas by Presidential Legislative Decree no. 3/17, of October 14, which statutes were recently approved in the annex to Presidential Decree no. 159/20, of June 4, and the assignments of which include: *(i)* drafting and proposing the general bases of national policy on mineral, oil, gas and biofuel resources; *(ii)* drawing up and proposing a mineral, oil, gas and biofuel resource development program; and *(iii)* studying and proposing the regulatory legislation for the activities of the sector.

20. COMPETITION

The competition rules in Angola are contained in the Competition Law (*Lei da Concorrência*, enacted by Act no. 5/18, of May 10), in the Competition Law Regulations (*Regulamento da Lei da Concorrência*, enacted by Presidential Decree no. 240/18, of October 12) and in the Statute of the Competition Regulatory Authority (*Estatuto Orgânico da Autoridade Reguladora da Concorrência*, enacted by Presidential Decree no. 313/18, of December 21.

The Competition Regulatory Authority (*Autoridade Reguladora da Concorrência*/ ARC) is endowed with administrative, economic and financial autonomy, and wide regulatory, supervisory and sanctioning powers. The ARC has exclusive competence for investigating and deciding on sanctioning procedures with regard to restrictive competition practices, and removing or prohibiting concentrations between undertakings that are subject to mandatory notification in Angola.

20.1. Prohibited practices

The Competition Act prohibits agreements, association decisions and concerted practices between competing undertakings (horizontal practices), and agreements and practices involving undertakings and their suppliers and customers (vertical practices), which have the purpose or effect of appreciably impeding, distorting or restricting competition in the market.

The abuse of a dominant position by one or more undertakings is also prohibited. It is presumed that dominance exists when companies have (individually or jointly) a share above 50% of the relevant market. The abuse of economic dependence is prohibited in cases where a company is economically dependent on a supplier or client through not having an equivalent alternative.

The Competition Act contains an extensive non-exhaustive list of prohibited practices.

Prohibited agreements and abuses of dominant position may nevertheless be exempted if they lead to economic efficiencies, insofar as they allow consumers

a fair share of the resulting benefit, do not impose restrictions that are not indispensable to attaining such objectives and do not afford the possibility of eliminating competition in respect of a substantial part of the markets concerned. The exemption is assessed and issued further to previous notification by the interested parties, pursuant to a procedure to be approved by the ARC.

20.2. Merger control

Concentrations between undertakings meeting the jurisdictional thresholds of the Competition Law are subject to a prior mandatory notification to the ARC and cannot be implemented before an express or tacit clearance decision is adopted, under threat of invalidity of all legal acts and of heavy fines to the infringing companies.

The concept of concentration includes mergers between two or more undertakings, acquisitions of control over one undertaking or parts of an undertaking (as a result of the acquisition of a majority of the share capital or of veto rights conferring a decisive influence over the commercial strategy of the target company) and the creation of a full-function joint venture.

Concentrations are subject to mandatory filing to the ARC when meeting at least one of the following thresholds:

- the acquisition, creation or reinforcement of a share equal to or higher than 50% in the Angolan market or in a substantial part of it;

- the acquisition, creation or reinforcement of a share between 30% and 50% in the Angolan market or a substantial part of it, as long as at least two of the undertakings concerned individually achieved a turnover in Angola above AOA 450 million in the last financial year;

- the combined turnover of all undertakings participating in the concentration in Angola and in the last financial year exceeds AOA 3.5 billion.

Transactions subject to mandatory filing are subject to a stand-still obligation and cannot be implemented before a clearance decision is adopted by the ARC.

Concentrations notified are assessed on the basis of their prospective effects over competition in the relevant markets. Concentrations that create or reinforce a dominant position which may significantly impede competition in the relevant markets are in principle prohibited, although they may be justified by certain public interest reasons set out in the Competition Law.

20.3. Sanctions

The violation of the provisions regarding prohibited practices, as well as the early implementation of a concentration subject to mandatory filing before (express or tacit) clearance, subjects the infringing undertakings to fines between 1% and 10% of the previous year's annual turnover of the economic group of each undertaking concerned. Not notifying a concentration subject to mandatory filing, provision of false, incorrect or incomplete information and refusal to cooperate with the ARC in the context of its investigative powers are punishable with fines between 1% and 5% of annual turnover.

The Competition Act also provides for periodic penalty payments and ancillary sanctions with potentially serious consequences, such as exclusion from participating in public tenders for three years and even the possible break-up of the offending undertaking.

21. TELECOMMUNICATIONS

Telecommunications is a dynamic sector of the Angolan economy which is, currently, attracting renewed attention and creating potential business opportunities as further liberalization and privatization are expected.

Mobile communications are the predominant service in the case of individual consumers, as they are more affordable than fixed services and enable broadband access. Angola's mobile market has four licensed players – Angola Telecom (whose license remains dormant), Unitel, with a market share (subscriptions) of 70.5%, Africel (new operator) with 25.3% and Movicel with 4.2%, according to the statistics provided by the Angolan Communications Institute (INACOM) as of December 2022.

Currently, there are at least six separately licensed fixed communications suppliers – which include Angola Telecom, ITA, INFRASAT, MS Telecom, Startel and TV Cabo – and the Government has an ownership interest in some of these operators. In addition, numerous unlicensed international service providers offer fixed services to the business segment. The customer base predominantly comprises commercial, government or other business users, but the consumer segment for fixed services is growing. The market also includes numerous infrastructure suppliers such as Angola Cables, Angola Telecom, Infrasat, Intelsat, Eutelsat, Rascom, SES Astra and Telesat.

As for the legal rules governing the telecommunications sector, the Electronic Communications and Information Society Services Law, approved by Act no. 23/11, of June 20, contains the general framework for the telecommunications sector in Angola and sets out several guiding principles and goals for the sector, including a framework for telecommunications regulation and for the scope of Government intervention in this context. This Law covers electronic communications and privacy and data protection issues and sets out the main scope of the activities of INACOM, the electronic telecommunications regulator.

The General Regulation on Electronic Communications (the Regulation), approved by Presidential Decree no. 108/16, of May 25, sets out the legal regime applicable to electronic communications networks and services, radio spectrum frequencies,

numbering resources and telecommunications universal service. This legislative act governs the offering of electronic communications networks and resources, and the award, management and use of frequencies and numbering resources.

In accordance with the Regulation, becoming an electronic communications network operator or service provider requires the prior award of an enabling title concerning the offer of publicly accessible electronic communications networks or services. This enabling title can take the form of a concession contract or a license. Regardless of the form, the award of individual rights to the use of radio spectrum frequencies and numbering resources is subject to the Regulation.

The Regulation states that entities entitled to offer electronic communications networks and services in Angola must: *(i)* in the case of legal persons, be legally incorporated in Angola and have the exercise of electronic communications activities as their corporate object; *(ii)* have the proper technical, financial and human resource abilities to fulfil the requirements set out in the Regulation and other applicable legislation; *(iii)* not have any amounts outstanding to the Angolan State.

There are other limitations, such as the participation by foreign entities in the share capital of operators offering electronic communications which are accessible to the public being subject to the provisions on private investment contained in Act no. 10/21, of April 22 (assuming foreign investors aim to remit dividends abroad), and national operators of public electronic communications networks being able to hold, directly or indirectly, up to 25% of the share capital in another national operator of a public electronic communications network, unless the Information Technologies and Telecommunications Ministry (MTTI) authorizes otherwise.

Concessions may be awarded by public tender or, in duly justified cases, directly to a specific entity. A concession may also be awarded through a unified overall title, which enables its holder to provide: *(i)* any type of electronic communications service, regardless of the technology used; or *(ii)* only a given service or the management of a specific electronic communications network.

The duration of concessions may not exceed 15 years and is set on a case by case basis. Concessions may be successively renewed by agreement between the parties for additional periods of 15 years.

A sub-concession, in whole or in part, for the carrying out of the services and infra- structures covered by a concession contract is permitted, provided 3 years have elapsed from the date on which the contract was entered into and subject to authorization by the MTTI. Any sub-concession involving the use of radio spectrum frequencies or numbering resources awarded to the concessionaire requires prior consent from INACOM. If a sub-concession is authorized, the original concessionaire retains its rights and also remains directly and personally liable for the obligations stipulated in the concession contract.

The Regulation provides that a concessionaire may not, without the express authorization of the Angolan State (the grantor of the concession), adopt any resolution which, directly or indirectly, results in: *(i)* changes to its corporate scope; *(ii)* transformation, merger or winding-up of the company; *(iii)* changes to the shareholding structure or value of the company's share capital; *(iv)* suspension or discontinuation (temporary or definitive; in whole or in part) of the services covered by the concession.

In some cases, the Angolan State may terminate the concession. These include, among others, the following: *(i)* a delay of more than six months in the settlement of amounts due under the concession; *(ii)* bankruptcy of the concessionaire; *(iii)* total or partial transfer of the concession without the prior consent of the concession grantor; *(iv)* reiterated and unjustified breach of any obligations under the concession.

The award of licenses does not involve a tender procedure and licenses are awarded as multi-service licenses for an initial term of 10 years. Licenses may be transferred with prior approval from INACOM.

Interconnection between public electronic communications networks is mandatory and the General Interconnection Regulation, approved by Decree no. 13/04, of March 12 (the Interconnection Regulation), applies (and remain in force to the extent it is compatible with Presidential Decree no. 108/16, of May 25, and until the complementary regulations mentioned therein are approved), together with the Pricing Regulations for Public Telecommunications Services. The Interconnection Regulation governs interconnection between public telecommunications networks in respect of switched telephony, internet, value-added and resale services.

The use of public domain radio spectrum depends on the award of individual rights of use in accordance with the National Frequencies Plan, plus numbering resources. These may be awarded: *(i)* by means of a public tender or auction procedure; *(ii)* in duly justified cases, by an individual award decision; *(iii)* by request addressed to INACOM. Individual rights of use of radio spectrum frequencies are usually awarded for a period of 10 years (unless they are included in a procedure also involving the award of a concession, in which case they are awarded for 15 years). Individual rights of use of numbering resources are awarded for an indeterminate period. The installation and management of radio-communications networks or stations requires an authorization from INACOM.

Finally, the offering of electronic communications networks and services is subject to the payment of regulatory fees to INACOM. These are due for the following acts or situations: *(i)* issuance of the enabling title for the exercise of activities as electronic communications operator; *(ii)* exercise of activities as electronic communications operator; *(iii)* award of individual rights of use to radio spectrum frequencies and numbering resources; *(iv)* issuance of the award titles pertaining to individual rights of use of radio spectrum frequencies and numbering resources; *(v)* use of such rights. The respective amounts are set and periodically updated by joint executive decree of the ministerial departments that oversee electronic communications and finance.

22. FACTS AND FIGURES REGARDING THE REPUBLIC OF ANGOLA

Capital: Luanda.

Population: around 35.5 million.

Area and location: 1,246,700 km^2, west coast of Africa, bordering on the Congo Republic to the north, Zambia to the east and Namibia to the south.

Provinces: Bengo, Benguela, Bié, Cabinda, Cunene, Huambo, Huíla, Kuando Kubango, Kwanza-Norte, Kwanza-Sul, Luanda, Lunda-Norte, Lunda-Sul, Malange, Moxico, Namibe, Uíge and Zaire.

Major cities: Benguela, Lobito, Luanda, Lubango (Huíla), Huambo (Huambo).

Major ports: Lobito, Luanda and Namibe.

Major airports: 4 de Fevereiro International Airport (Luanda), Catumbela International Airport (Benguela), Mukanka International Airport (Lubango) and the new Luanda International Airport – NAIL (inaugurated on November 10, 2023).

Languages: Portuguese (official language), Fiote, Kikongo, Kimbundo, Ngangela, Tchokwe, Umbundo, among others.

Form and system of government: presidential republic.

Legal system: romano-germanic.

International organizations: United Nations (UN), the Community of Portuguese Speaking Countries (CPLP), the African Union, Southern Africa Development Community (SADC), International Monetary Fund (IMF), among others.

Currency: Kwanza (AOA) In January 2024, the reference exchange rate of the Kwanza against the United States Dollar was 828.776.

Time zone: WAT (UTC+1).

Public bodies and other entities having an Internet website:

Angolan Sovereign Fund (*Fundo Soberano de Angola*)
https://fundosoberano.ao/en/

Angolan Stock Exchange (*Bolsa de Dívida e Valores*)
http://www.bodiva.ao/

Capital Market Commission (*Comissão do Mercado de Capitais*)
https://www.cmc.ao/

Court of Auditors (*Tribunal de Contas*)
https://www.tcontas.ao/

General Tax Administration (*Administração Geral Tributária*)
http://www.agt.minfin.gov.ao/

Government of Angola (*Governo da República de Angola*)
http://www.governo.gov.ao/

Integrated Citizen Assistance Service (*Serviço Integrado de Atendimento ao Cidadão*)
http://www.siac.gv.ao/

Migration and Foreigners Service (*Serviço de Migração e Estrangeiros*)
https://www.sme.gov.ao/

Ministry of Agriculture and Fisheries (*Ministério da Agricultura e Pescas*)
https://www.sepe.gov.ao/ao/gov/sepe/ministerios/detalhe/4/

Ministry of Economy and Planning (*Ministério da Economia e Planeamento*)
http://www.mep.gov.ao/

Ministry of Energy and Waters (*Ministério da Energia e Águas*)
http://www.minea.gov.ao

Ministry of Finance (*Ministério das Finanças)*
http://www.minfin.gov.ao

Ministry of Industry and Trade (*Ministério da Indústria e do Comércio*)
https://mindcom.gov.ao/ao/

Ministry of Justice and Human Rights (*Ministério da Justiça e Direitos Humanos*)
http://www.minjusdh.gov.ao/

Ministry of Mineral Resources, Petroleum and Gas (*Ministério dos Recursos Minerais, Petróleo e Cás*)
http://www.mirempet.gov.ao/

Ministry of Public Administration, Labour and Social Security (*Ministério da Administração Pública, Trabalho e Segurança Social*)
http://www.maptss.gov.ao/

Ministry of Culture and Tourism (*Ministério da Cultura e Turismo*)
https://mincultur.gov.ao/ao/

Agency for Private Investment and Promotion of Exportations (*Agência de Investimento Privado e Promoção das Exportações*)
https://www.aipex.gov.ao/PortalAIPEX/

National Assembly of Angola (*Assembleia Nacional de Angola*)
http://www.parlamento.ao/

National Bank of Angola (*Banco Nacional de Angola*)
https://www.bna.ao/#/en

National Social Security Institute (*Instituto Nacional de Segurança Social*)
https://inss.gov.ao/

One-Stop Shop for Business (*Guichê Único da Empresa*)
http://gue.minjus-ao.com/

The Registration Office for Moveable Asset Collateral (*Central de Registo de Garantias Mobiliárias*)
https://www.crgm.gov.ao//

Supreme Court (*Tribunal Supremo*)
http://www.tribunalsupremo.ao/

Morais Leitão Legal Circle

Morais Leitão Legal Circle was created by Morais Leitão, Galvão Teles, Soares da Silva & Associados, a leading Portuguese law firm, to address the needs of its clients throughout the world, particularly in Portuguese-speaking countries. It is an international network based upon shared values and common principles of action with the purpose of establishing a platform to deliver high quality legal services to clients around the world. It encompasses a select set of jurisdictions including Portugal, Angola, Cape Verde, Mozambique and Singapore.

Working in close cooperation, the member firms of the Morais Leitão Legal Circle combine their local knowledge with the international experience and support of the whole network, which enables each firm to maximize the resources available to its clients.

The purpose of the network is to facilitate the access of investors to these markets by helping them understand these diverse business and legal environments with specific practices and standards.

The experience of the members of the Morais Leitão Legal Circle provides a unique and integrated insight into these jurisdictions and guarantees investors timely and adequate strategic planning and support in structuring investments.

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