ANGOLA PLMJ Colab Angola – RVA Advogados **PORTUGAL** PLMJ Advogados

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ANGOLA

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NEWS

Proposal to review and amend the Value Added Tax Code

As part of the measures recently announced by the Angolan executive to address the country's economic situation, a Draft Law to Review and Republish the Value Added Tax (VAT) Code was approved by the Council of Ministers on 26 July.

The main changes that have been proposed include:

A Draft Law to Review and Republish the Value Added Tax (VAT) Code was approved by the Council of Ministers on 26 July.

- Reduction of the VAT rate on food to 7%;
- $o\$ Extension of the application of the Simplified Arrangements to VAT-exempt transactions;
- Abolition of the 7% stamp duty rate for entities covered by the General Arrangements;
- Extension of the Simplified Arrangements to taxable persons whose turnover or import transactions in the previous financial year were between the threshold of AOA 25,000,000 (twenty-five million kwanzas) to AOA 350,000,000 (twenty-five million kwanzas);
- Establishment of a period of up to 12 (twelve) months for the deduction of VAT in the case of import transactions and the transfer of industrial equipment, subject to prior authorisation by the General Tax Administration;
- Introduction of the obligation to pay VAT through electronic platforms used for the sale of goods and services in Angola;
- Introduction of a model for the state to withhold VAT on transactions with taxpayers covered by the Simplified Arrangements when these payments are made through SIGFE the Integrated State Financial Management System;
- Possibility for taxable persons subject to the General Arrangements to join the "Cash VAT Scheme" if their turnover or import transactions in the previous financial year did not exceed AOA 2,000,000,000 (two billion kwanzas) and they do not carry out transactions exempt from VAT.

Renata Valenti Nilsa de Freitas PLMJ Colab Angola - RVA Advogados

Isaque Ramos Ana Raquel Magalhães PLMJ Advogados ANGOLA

The draft law aims to consolidate in a single statute all the changes to VAT introduced by various pieces of legislation.

According to the statements made by the Minister of Finance during the 6th ordinary session of the Council of Ministers held on 26 July, it is planned to increase the percentage of VAT deduction under the Simplified Arrangements from 7% to 10%.

In addition to the above changes, the draft law aims to consolidate in a single statute all the changes to VAT introduced by various pieces of legislation. It will thus consolidate the hitherto fragmented legal instruments dealing with VAT.

This draft law will now be submitted to the Angolan Parliament for discussion and final approval, subject to possible amendments.

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