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Recent Developments in International Taxation

**Republic of
Mozambique**

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Introduction

The financial year for the period between 2022 and 2023 registered many legislative developments concerning tax matters, essentially focused on stimulating the national economy, which was weakened after Covid-19. In this sense and due to the implementation of the referred legal diplomas, the financial year for the period between 2023 and 2024 was characterised by minimal legislative improvements.

New reference price regulation for the purpose of determining the value of a mining product

Considering the numerous legislative developments that occurred around the taxes applicable to the mining sector between 2022 and 2023, the mining sector in Mozambique presented, for the financial year 2023–2024, the approval and implementation of a single legal instrument: the Reference Price Regulation for the Purpose of Determining the Value of the Mining Product (approved by Ministerial Diploma No 91/2023 of 16 June).

Other than establishing the procedures for setting the reference price for the purposes of determining the value of a mining product and the taxable base for the mining production tax, the aforementioned regulations also determine:

- the methods and criteria for measuring the reference price;
- the requirement to determine the quality and quantity of the minerals declared, as well as the national authorities responsible (the Tax Authority and the National Mining Institute) for verifying the conformity of the information provided by the mining holder for the purposes of this regulation; and
- similarly, it approves the value map of the mining product (Annex B), detailing the characteristics, and internal and external prices of the mining product to the Tax Authority.

Percentages of revenue to be collected from the mining production tax

Among the alterations introduced in the mining sector and intrinsically connected to the mining production tax for the fiscal period in crisis, it is worth highlighting Decree

No 40/2023 of 7 July, which regulated the criteria for allocating and managing the percentage of revenue earmarked for the development of provinces, districts and local communities where mining and oil exploration projects are being developed.

The aforementioned decree establishes the following percentages of revenue from the mining production tax to be consigned, and their respective allocation:

- 7.25 per cent destined for the province and districts, namely for structuring projects; and
- 2.75 per cent for local communities.

Note also that these percentages are applied to the tax on oil production because the aforementioned decree also applies to the national oil sector.