

IBA National

Report Tax

**Republic of
Mozambique**

National Reporter

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I. Recent Tax Law Changes for 2022

Since there is a need to adjust the tax rules to the current context and dynamics of the national and international economy, during the past year, the government approved some measures to achieve this purpose. As such, we present below, the range of all tax changes during 2022.

A. Value-added Tax (“VAT”)

-Amendments to the VAT code in light of the measures to accelerate the economy package

Law no. 22/2022, of December 28, was approved, amending the Value Added Tax Code (VAT Code) approved by Law no. 32/2007, of December 31, aiming to accommodate this legal device to the measures for the country’s economic acceleration package announced by the Government on August 9 of 2022. Therefore, the articles 9, 10, 12, 15, 17, 19, 20 e 21 of the VAT Code were amended, consisting of the following:

1. Reduction of the VAT rate from 17% to 16%, as provided in article 17, no. 1, of the VAT Code, aiming to reduce the tax charges borne directly by the final consumer, thereby increasing his purchasing power;
2. The leasing of real estate for commercial, industrial and service provision purposes, even if located in rural areas, will now be taxed at the above-mentioned rate;
3. The supply of funeral and cremation services, as well as the transfer of ancillary goods, are exempt from VAT, only in cases where the supplier is a public entity;
4. Until December 31 of 2023, imports of agricultural inputs are exempt from VAT;
5. At the same time, transfers (and some imports) of electrification factors will be exempt from VAT, aiming to promote more and larger investments in the renewable energy sector in order to accelerate its access, particularly in rural areas;

Furthermore, a reduced VAT tax rate of 5% was created (new article 17-A of VAT Code), applicable to the transmissions of goods and rendering of services for the specific areas.

Briefly, these changes intend to mitigate the impact of the shifts that the national economy has been suffering as a result of external and internal political and economic changes, especially the conflict between Ukraine and Russia, the suspension of support for the State Budget, as well as the need to ease the tax burden on domestic and foreign investors.

-Amendments to the regulation of the specific regime of taxation and tax benefits for mining activity

It was approved the Decree no. 76/2022, of November 30, which amends the Regulation of the Specific Regime of Taxation and Tax Benefits for Mining Activities (Regulation), approved by Decree no. 28/2015, of December 28, aiming to adapt this legal provision to the amendments introduced by Law no. 15/2017, of December 28 (which amends and republishes the specific regime of taxation and tax benefits for mining activity). Therefore, articles 4, 7, 8, 11, 15, and 28, all of the Regulation, were amended, consisting of the following:

1. Regarding the process of determining the value of the mineral product of concentrates or mineral products sold or exported in their non-final form, the Regulation provides

- that it shall be determined by taking into account amount of minerals contained therein;
2. Aiming to ensure compliance with the legally established quality criteria, the settlement declaration of the Mineral Product Tax (MPT) must, additionally, contain a report with specifications or the mineral quality;
 3. The Regulations also allows additional (official) MPT settlement in the following cases:
 - When the evidenced value in the official MPT statement is less than the value of sale; or
 - When the declared value is lower than the sale at auctions or on the free market;
 4. There is a reduction in the rate regarding the Surface Tax (ISS – *Imposto Sobre a Superfície*) on the Mining Certificate, where from the 1st to the 5th year, it will be MZN 30/ha (thirty meticaís per hectare) and from the 6th onwards, MZN 50/ha (fifty meticaís per hectare);
 5. Within the scope of the Corporate Income Tax specific rules, the Regulation establishes that taxpayers who hold more than one mining title, besides being jointly and severally liable for tax obligations, must create a legal entity owned by them, have a Tax Number and an organized accounting system for each Prospecting and Research License, Mining Concession and Mining Certificate;
 6. At last, but not least, the obligation of presentation, by the entities that develop mining activity, of annual results accounts certified by an independent and authorized auditor was instituted.

-Amendments to the Regulation of the Specific Regime of Taxation and Tax Benefits of Oil Operations

It was approved the Decree no. 77/2022, of November 30, which amends the Regulation of the Specific Regime of Taxation and Tax Benefits of Oil Operations (Regulation), approved by Decree no. 32/2015, of December 31, aiming to adapt this legal provision to the amendments introduced by Law no. 14/2017, of December 31 (which amends and republishes the specific regime of taxation and tax benefits of oil operations). Therefore, articles 9, 10, 11, 14 and 24, all of the Regulation, were amended, consisting of the following:

1. Regarding the assessment of the Petroleum Production Tax (PPT), the Regulation establishes that the PPT declaration must be accompanied, additionally, by a copy of the monthly production report, submitted to the regulatory entity;
2. The Regulation also provides for additional settlement in the following cases:
 - Mistakes of fact or law or omissions in any settlement that results in losses to the State;
 - Examination of the taxpayer's accounts;
 - The declared value is lower than the sale or disposal in any form;
3. As for the tax payment criteria, in the case of oil for export, the taxpayer is now required to present proof of payment of the PPT or to provide a guarantee;
4. Additionally, in the scope of the PPT specific rules, the Regulation establishes that the taxpayers who hold more than one concession area must create a legal entity held by them and have a Tax Number and organized accounting for each area of the Concession Agreement, as well as being jointly and severally liable for the tax obligations of the entities mentioned in the same Regulation.

II. Other Developments of Interest

-Validity of Tax Discharge Certificates

Tax discharge certificates are now valid for 1 year, uniquely for the purposes of:

1. Contracting of public works, supply of goods and provision of services to the State, in which case it can be used for several public tenders;
2. Application for work permits for foreign workers.

These changes result from the approval of Decree no. 43/202, of 19 August and of Ministerial Diploma no. 85/2023, of 9 June.