DOING BUSINESS

ANGOLA

MLGTS LEGAL CIRCLE

INTERNATIONAL TIES WITH THE PORTUGUESE-SPEAKING WORLD

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

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"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 **MLGTS** and **ALC** and other parties potentially interested in some areas of the Angolan legal system. It does not therefore intend to be nor shall be construed as legal advice on any of the matters addressed.

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1. Angola in 2014/2015

Between the years 2000 and 2012, and according to data made available by the National Agency for Private Investment (*Agência Nacional do Investimento Privado*/ANIP), Angola registered a growth in its *per capita* Gross Domestic Product (GDP) of 737%. During this period, Angola was the African economy which registered the largest increase in its *per capita* GDP.

Foreign private investment still plays a pivotal role in the Angolan economy development.

The "Global Economic Prospects 2015" published in January 2015 by the World Bank, forecasted a growth of 4.4 percent for the Angolan economy, slightly above the average of economic growth of sub-Saharan countries, and much higher than the growth of other African economies such as South Africa (2.7%), Cape Verde (3%), Zimbabwe (3.7%) and Guinea-Bissau (2%). Notwithstanding the positive macroeconomic forecasts in the beginning of the year, the abrupt decline in oil prices registered between the end of 2014 and the beginning of 2015 was the single most relevant economic event of the year. The drop in oil prices had a huge impact on the Angolan economy as a result of the dependence of the country's economy on the international trade of that commodity. Income obtained from oil exports was drastically reduced and the Angolan government was forced to approve a revised annual general budget foreseeing a reduction of 54% in public investment.

Notwithstanding the vulnerability of the Angolan economy to fluctuations in oil prices, in January 2015 the North-American rating agency Moody's highlighted that "political response to the budgetary problems arising from the oil-price shock shows that the Angolan government is willing to take the necessary and quick measures to ensure that the budgetary targets are met in accordance with a more realistic macroeconomic assumptions".

The above mentioned quick measures took, for instance, the form of the enactment of a special tax contribution of 10% levied over all transfers made to foreign bank accounts as a result of the performance of some invisible items in trade operations. Moreover, a set of statutes were approved aiming to put in place major amendments to the Angolan legal framework leading to the promotion of the desired diversification of economy as well as the reduction of the weight of oil trading in the Angolan economy.

The main legislative changes were, *inter alia*, the publication of the new General Labour Act, the Financial Institutions Framework Act, the Securities Code and the Tourism Law and, most importantly, the restructuring of private investment in Angola with the publication of a new Private Investment Act, the extinction of ANIP and the creation of the National Agency for Promotion of Investment and Exportations of Angola (*Agência para a Promoção de Investimento e Exportações de Angola*/APIEX).

Investment in the energy sector is also noteworthy. The Ministry of Energy and Water estimates that the development and completion of several projects which are currently ongoing (such as the expansion of the Cambambe dam and the construction of the Laúca dam) will result by 2017 in a five times increase in Angolan electric power generation capacity. The investment in new infrastructures for the production of electric power was accompanied by the incorporation of new public companies operating in the electric energy sector: Rede Nacional de Transporte, E.P. (RNT), Empresa Pública de Produção de Electricidade, E.P. (PRODEL), and Empresa Nacional de Distribuição de Electricidade (ENDE).

The enactment of the Judicial Cooperation in Criminal Matters Act and the Law on the Organization and Operation of the Judicial Courts marked very important steps towards the improvement of the Angolan court system.

Finally, reference must be made to the recent enactment of a new set of tax laws in October 2014, a further step taken in the tax reform commenced in 2011 ("*PERT – Projecto Executivo de Reforma Tributária*"), the purpose of which is to promote the optimization and modernization of the tax system, the tax institutional structure, and the tax legal framework. The enactment of such laws became even more important after the decrease in oil prices, given that one of the key purposes of PERT was to boost tax revenues in economic sectors other than the oil extraction.

2. General Foreign Private Investment Legislation

The general legislation governing private investment in Angola has recently been amended by the entry into force on August 11, 2015, of the new Private Investment Act, enacted by Act 14/15 of August 11, which repealed the Act 20/11 of May 20 (however, this new Act does not apply, in principle, to private investment projects approved before its entry into force).

The Private Investment Act ("*Lei de Bases do Investimento Privado*"/LIP) "establishes the general bases of private investment in the Republic of Angola and defines the principles and regime of access to the incentives and other facilities to be granted by the State to investments of this type", stipulating the existence of special investment mechanisms in the fields of oil extraction (see the Petroleum Act/"*Lei das Actividades Petrolíferas*", enacted by Act 10/04 of November 12), of minerals (see the Mining Code/"*Código Mineiro*", enacted by Act 31/11 of September 23) and of financial institutions (see the Financial Institutions Framework Act/"*Lei de Bases das Instituições Financeiras*", enacted by Act 12/15 of September 17), among others. The LIP also provides the possibility of the establishment of "a special [investment] regime for the Agricultural, Livestock, Forestry and Fisheries Sectors and for the related agro-industries".

Contrary to what happened under the previous regime (which required a minimum investment of USD 1 million), the new LIP applies to foreign investment of "any amount", reflecting the intention of the Angolan State to attract foreign investment, including that carried out by small and medium enterprises. It should be noted, however, that only "qualified" foreign investments (that is, "those whose total amount corresponds to a sum in kwanzas equivalent to or greater than USD 1,000,000") are eligible for the benefits and incentives mentioned below. With regard to internal investments, the LIP only applies when the overall total amount "corresponds to a sum in kwanzas equivalent to or greater than USD 500,000".

Another important novelty is the requirement for partnerships with Angolan citizens, with publicly-owned companies or with Angolan companies for investment in certain sectors. Although partnerships were already a requirement in specific areas (particularly those covered by the special investment regimes referred to above), only now have they been enshrined in generic terms, embracing the electricity and water, hospitality and tourism, transport and logistics, civil construction, information technology and, lastly, the media

sectors. In these sectors, the Angolan partner must hold "at least 35% of the share capital and play an active role in management, reflected in the shareholders' agreement". Besides the aforesaid obligation for partnerships, there is the "reservations" (absolute, control or relative) regime provided for in the Delimitation of Sectors of Economic Activity Act (enacted by Act 5/02 of April 16), which is in force in certain sectors (such as production, distribution and marketing of war materiel, ownership of infrastructure relating to port and airport activities, basic postal services, production, transmission and distribution of electricity for public consumption, among others).

A third innovative aspect is the legal definition, now established, of "Angolan company", considering as such any "single-member or multi-member company, legally and properly incorporated, having its registered office in national territory, in which at least 51% of the share capital is owned by Angolan citizens". Any company not considered an Angolan company is considered a "foreign company".

The LIP defines "private investment" as "the use within national territory of capital, technology and know-how, equipment and others in certain economic projects or the use of funds intended for the creation of new companies, groups of companies or other form of corporate representation of private companies, domestic or foreign, as well as the acquisition of all or part of existing Angolan companies".

2.1 Foreign private investment

2.1.1 Foreign private investment

Private investment is considered foreign investment when the implementation of the respective project involves "use of capital held by persons with non-resident [foreign currency] status", "capital" including, for this purpose, "monetary resources" and also "technologies and know-how and capital goods". In comparison with the previous private investment regime, the use of assets domiciled "outside national territory, by natural or corporate persons with resident foreign-currency status", is no longer considered private foreign investment. Contrary to what happens in domestic investment, a foreign investor is entitled to transfer profits and dividends abroad.

Till the new LIP (and with the exception of foreign investments of less than USD 1 million, theoretically permitted in certain cases, although, in practice, a minimum of USD 1 million was always required), the approval of private investment was proven by the issue, by the National Private Investment Agency (*Agência Nacional para o Investimento Privado*/ANIP), of a Private Investment Registration Certificate ("*Certificado de Registo de Investimento Privado*"/CRIP), which, in the case of foreign investment, was required in order to incorporate companies under Angolan law or to amend the bylaws of established companies. Moreover, and in accordance with BNA Notice 14/14 of December 24, the

issue of the CRIP also conferred "on foreign investors automatic authorisation (permit) to import capital, and only registration of the foreign investment with Banco Nacional de Angola being required". The new LIP, however, neither provides for the issue of the CRIP nor even makes reference to it, which is also the case, moreover, of the ANIP itself, about which the LIP makes no mention. It is unclear, therefore, how the approval of the investment is to be proved, and it is to be assumed that if it is not by means of the CRIP, then the body competent for the approval of the investment will issue some other document evidencing the approval of the investment.

2.1.2 Repatriation of capital

Once the private investment project has been implemented and upon proof of such implementation, the foreign investor enjoys the right to transfer profits and dividends abroad, as well as other amounts related with the investment that it made. However, and except in the case of reinvestment in Angola, profits and dividends distributed are subject to an investment income tax surcharge "on that part [of those profits and dividends distributed] that exceeds the share of its equity". This rate is progressive and may amount to 15%, 30% or 50%, depending on whether the excess amount is *(i)* less than or equal to 20%, *(ii)* greater than 20% and less than or equal to 50%, or *(iii)* more than 50% of the "share of its equity".

In this matter, too, it is not clear whether the new LIP tacitly revokes BNA Notice 13/14 of December 24, which establishes the procedures to be complied with in transfers of profits or dividends abroad to which the foreign investor may be entitled to, and although the LIP itself refers to "legislation governing foreign-exchange matters", the fact is that the said notice makes reference, for example, to the CRIP, the issue of which is not provided for in the LIP. In any case, the notice referred to above stipulates that the transfer application to be submitted to the commercial bank must include *(i)* a copy of the CRIP, *(ii)* financial statements audited by an independent body and, *(iii)* in the case of the first application for the transfer of profits or dividends, the document issued by the entity responsible for the authorisation of the investment (in principle the ANIP) confirming the implementation of the project. It should be noted, however, that under that notice, the BNA and the commercial bank asked to carry out the transfer may request additional information. Performance of the transfer also requires "full compliance with tax obligations" (until such time as the technical conditions allow the automatic crossing of information to be evidenced by foreign investors by filing a declaration to be issued by the competent authority, attesting full compliance with their tax duties), the "absence of debts of the originator in an irregular situation" and that "the record of the investment in the accounts of the company [the company incorporated under Angolan law to implement the investment project] is as established in the CRIP".

Also according with the said notice, in transfers of profits or dividends of a "total annual amount" less than or equal to the equivalent of AOA 500 million (approximately USD 3,677,000) prior authorisation by the BNA is not required; should that "total annual

amount" be greater than an amount equivalent to AOA 500 million, the transfer abroad requires prior authorisation by the BNA.

With regard to foreign investments of less than USD 1 million, the right to repatriation of capital is dependent, at least apparently, on the registration of the investment under terms still to be regulated.

Lastly, it is important to note the occasional existence of practical constraints on the repatriation of capital (although the right to repatriation is maintained), particularly as a result of the shortage of foreign currency in Angola (incidentally, the previous regime included the possibility of suspension of remittances abroad, by decision of the President of the Republic, "where the amount is likely to cause serious disturbances to the balance of payments").

2.2 Tax and customs benefits for private investment

As mentioned above, only qualified private investments (which in the case of foreign investments, are those "whose total amount corresponds to the equivalent in kwanzas equal to or greater than USD 1,000,000") are eligible for tax benefits, which may consist of "deductions from taxable income, ... accelerated depreciation and amortisation, ... tax credit, ... exemption and reduction of tax rates [industrial tax, property transfer tax and capital gains tax], contributions and import duties, ... deferment over time of tax payments and other exceptional tax measures of benefit to the taxpayer investor".

For an investment project to be eligible for tax incentives, investors must, *inter alia*, "have organised accounting appropriate to the requirements of assessment and monitoring of the investment project, under terms still to be regulated" (it is assumed, however, that, more than in the sphere of investors, the organised accounting must exist within the sphere of companies incorporated under Angolan law set up to implement investment projects).

The incentives are of an exceptional nature, which means "that they are not the rule, they are not granted automatically or indiscriminately, nor are they unlimited in time"; so they can only be granted if requested, and the grant is on a "case-by-case" basis, though only after the respective request having been analysed "objectively" in accordance with the criteria laid down in the table attached to the LIP (these criteria include, among others, the amount of the investment, the number of jobs created for Angolans, the location of the investment, participation of Angolan citizens in the share capital). Specifically with regard to the location of the investment, it is important to note that incentives are smaller in Zone A (covering the province of Luanda, the capital-municipalities of the provinces of Benguela and Huíla and the city of Lobito) and greater in Zone B (rest of Angola). The duration of the benefits cannot exceed 10 years.

In private investment projects of particular relevance to the Angolan economy (having a value equal to or greater than USD 50 million and creating a minimum of 500 or 200 jobs for Angolan workers, depending on whether they are implemented in Zone A or Zone B), extraordinary tax benefits may be granted

2.3 Procedure for approval of private investment projects

Approval of private investment projects follows a process of a contractual nature, implying negotiation between the prospective investor and the competent authorities as to the specific terms of the investment, including the incentives and benefits sought. The process culminates with the execution of an investment contract, which has as parties thereto the Angolan State and the private investor.

It should be noted that in the regime that preceded the current one, the "competent authority", at least for the preliminary examination of investment projects covered by the general regime, but also to represent the Angolan State in the execution of contracts in question, was the ANIP. In the new LIP, there is no reference to ANIP, and there is merely a provision establishing that the Angolan State will be represented in the execution of the contract "by the direct or indirect administration body upon whom the Holder of Executive Power delegates". Since, at this time, the delegation has not yet taken place, there is a regulatory gap, which, moreover, also applies to procedural rules on the approval of investment projects (phases of the procedure, deadlines, etc.), because the rules laid down in previous regime regarding this matter have not been included in the new LIP. Unofficial information available at this time suggests that there is already a draft regulation of the LIP, according to which the delegation in question will be made to the departments of the ministry overseeing the sector of economic activity at which the investment is directed, therefore the ANIP is losing the central role that it previously occupied.

2.4 Rights and duties of the investor

2.4.1 Investor rights and guarantees

With regard to the general principles, the private investment policy and the allocation of incentives and facilities must have due regard for private property, free-market rules and fair competition between economic operators and also the freedom of private economic initiative, with the exception of areas reserved to the State (under the terms of the Constitution and of the aforesaid Demarcation of Sectors of Economic Activity Act). It must also ensure the safety and protection of the investment and, under the terms and within the limits of the law, promote free and full movement of goods and capital.

Investors are also guaranteed:

- rights derived from ownership of the resources they invest, "including the right to freely dispose of them in the same terms as domestic investors";
- access to Angolan courts (or arbitration courts where the contract so provides);
- payment of "fair, prompt and effective" compensation in case of expropriation or requisition of the assets constituting the object of the investment project (which will only occur "because of weighty and duly-justified grounds of public interest");
- professional, banking and trade secrecy;
- intellectual property rights over intellectual creations;
- rights *in rem* (it should be noted that Angolan law does not allow foreigners to hold the right to ownership of land);
- no public interference in the management of private companies except in those cases expressly provided for by law;
- non-cancellation of licenses without the establishment of judicial or administrative proceedings;
- the right to import goods from abroad and to export products produced by the private investors (that is, by the company incorporated under Angolan law to implement the investment project); and
- the right to transfer profits and dividends abroad.

2.4.2 Duties of the investor

The LIP imposes general duties (such as respect for the law and regulations applicable in Angola, as well for contracts entered into) and specific duties on the private investor. Among the specific duties of the investor, attention is drawn to those of "promotion of training and inclusion of Angolan labour and progressive 'Angolanisation' of management staff and foremen" and compliance with legal and regulatory requirements in the matter of technical assistance.

The first of these specific duties gives rise to other duties, including that of companies and enterprises formed for the purpose of private investment employing Angolan workers who must be provided with the necessary training and be paid wages and provided social benefits compatible with their qualifications. The hiring of foreign skilled workers is permitted provided that "a rigorous training plan and/or training of national technicians

is complied with, aiming at progressive filling of these jobs by Angolan workers" (this training plan is part of the documentation to be provided to the body charged with the approval of the investment).

Regarding the second of these duties, the Contracting Provision of Foreign Technical Assistance or Management Service Regulation ("*Regulamento sobre a Contratação de Prestação de Serviço de Assistência Técnica Estrangeira ou de Gestão*", enacted by Presidential Decree 273/11 of October 27) must be taken into account. This regulation establishes restrictions on the execution and content of foreign technical assistance or management contracts, broadly defined as those "whose object is the acquisition from non-resident corporate entities of specialised administrative, scientific and technical services". In some cases, execution of such contracts is allowed with the obligation to give notice of the fact and of the content of the contracts to the Ministry of Economy; in others, the execution of such contracts is subject to the prior approval of that ministry; in yet others, the execution of such contracts is prohibited except in exceptional cases, duly authorised by the ANIP with the assent of the said ministry.

The ban covers contracts between companies incorporated under the LIP and their foreign associates (for example, private investors who are members of the company incorporated under the LIP). Thus, in principle, private investors cannot enter into contracts to provide services (or at least those that constitute technical assistance or management contracts) with companies formed under the LIP, unless this execution is authorised by the ANIP (perhaps right at the time of the approval of the investment project). This authorisation by the ANIP necessarily requires that the content of the contract be in accordance with the said regulation.

The recent entry into force of the Legal Framework applicable to the Special Contribution on Current Invisibles Foreign Exchange Transactions ("*Regime Jurídico da Contribuição Especial sobre as Operações Cambiais de Invisíveis Correntes*", enacted by Presidential Legislative Decree 2/15 of June 29) must also be highlighted. The special contribution under appraisal "focuses on transfers made within the scope of provision of foreign technical assistance or management services", to which the aforesaid regulation applies, the contribution amounting to 10% of the amount of the transfer to be made. This special contribution is intended to reduce transfers abroad to pay for foreign technical assistance or management services, the beneficiaries of which are Angolan entities, while fostering greater tax revenue collection.

3. Main Legal Forms of Commercial Establishment

3.1 Limited liability companies

3.1.1 Types, process of incorporation and registration

The legislation applicable to conduct business in Angola is defined by the Commercial Companies Act ("*Lei das Sociedades Comerciais*"/LSC), approved by Act 1/04 of February 13, and recently amended by Act 11/15 of July 17 (which enacts Companies' Incorporation Simplification Act/"*Lei da Simplificação do Processo de Constituição de Sociedades Comerciais*" or Simplification Act) and by Act 22/15 of August 31 (which enacts the Securities Code/"*Código de Valores Mobiliários*").

The LSC enshrines three types of unlimited liability companies (partnersips/"*sociedades em nome colectivo*", limited partnerships/"*sociedades em comandita simples*" and partnerships by shares/"*sociedades em comandita por acções*") and two types of limited liability companies (private limited companies/"*sociedades por quotas*" and public limited companies/"*sociedades anónimas*"). Limited liability companies can be single-shareholder companies, which means companies with one sole shareholder, either a natural or a corporate person, owner of the entire share capital.

The choice of the type of company depends on the weighing of factors such as the greater or lesser simplicity of the structure and operation of the company, the amount of capital to invest, as well as confidentiality issues regarding the ownership of the share capital.

Although, as a rule, there are no limitations as to the nationality of those participating in a corporate structure, it should be noted that there is special legislation in some sectors (such as telecommunications, fisheries or diamond mining) which requires a majority of Angolan shareholders in setting up such companies. Within this context reference shall be made to the new Private Investment Act, enacted by Act 14/15 of August 11, which establishes the requirement of partnerships with Angolan citizens, public owned companies or Angolan companies, within the scope of foreign private investment in certain areas of activity: *(i)* electricity and water; *(ii)* hotel business and tourism; *(iii)* logistics and transportation; *(iv)* construction works; *(v)* telecommunications and IT; and *(vi)* media. Further regulating such partnerships, the new Private Investment Act establishes that local partners shall own, at least, 35% of the capital and of the effective participation in the management, as envisaged in the shareholders' agreement.

Private limited companies (SQ)

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 by a particular denomination, or even by the junction of two of those two elements, and be followed, in any of the 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 shareholders (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 (one). In the formation of the company, each shareholder holds one quota corresponding to the value of its 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* shall be set out in a private document with on-site signature recognition, and is subject to registration with 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, as well as the transfer 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*" shall not take effect against the company until such time as it gives its consent.

Asset liability: for the debts of the company only answers the assets and the patrimony of the company, save the cases of additional liability of the shareholders specifically established in the articles of association.

Governing bodies: general meeting (deliberative) and management (board of directors). The 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 by law or the articles of association, resolutions are taken by simple majority of votes cast, not counting abstentions. To each portion of the "*quota*" equivalent to 1 cent of kwanza corresponds 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 finish by *(i)* term of office (when the articles of association or the act of appointment fix the duration of the mandate), *(ii)* dismissal, in accordance with the law, or *(iii)* resignation.

Profits: unless otherwise provided by the articles of association or resolution passed by a majority of ¾ of the votes corresponding to the share capital, the company distributes annually at least half of the 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, articles of association may define higher minimums.

Public limited companies (SA)

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*"/SA) 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 SA shall 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 to the State, 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 by a particular denomination, or even by the junction of two of those two elements, and be concluded, in any of the cases, by 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 SA, the law requires a minimum share capital of 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 to USD 5 expressed in kwanzas. Although the law allows for the existence of both "certificated and dematerialised" 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 simply involves physical delivery of the shares certificates to the transferee. In the case of nominative shares, the transfer is undertaken by written statement of transfer signed by the transferor on the respective share certificate (the transferor's signature must be notarised), inscription 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 of shareholders, as well as limits to the transfer of shares.

Asset liability: the liability of each shareholder is limited to the value of the shares he/she subscribed. Furthermore, 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 shareholders entitled to at least one vote. Unless otherwise provided by law or the articles of association, resolutions of the general meeting shall be taken by absolute majority of votes cast, regardless of the share capital present or represented, the 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 the 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 the 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 by the articles of association or a resolution passed by a majority of ¾ of the votes corresponding to the share capital, the company distributes 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 shall be allocated to the creation of a legal reserve, until such reserve represents one-fifth of the company's share capital. Notwithstanding the above, articles of association may define higher minimums.

3.1.2 Common aspects

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

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

- drafting of the articles of association, which shall include, among others, 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, relevant aspects concerning the governing bodies and other matters considered relevant 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 counted from the date of final registry of the by-laws, under an agreement of the shareholders. The subscription of the capital contributions in cash may be verified through the coupon of deposit 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". 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, under 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 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's incorporation at the territorially-competent Commercial Registry Office;

- publication of the company's incorporation in the Official Gazette ("*Diário da República*");

- registration of the company at the tax authorities, by means of submission of the start-of-business declaration;

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

- licensing of the company's business: all 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 authorised, the licensing process taking place at the Ministry of Commerce;

- companies aiming to be incorporated through a private investment project under the new Private Investment Act shall be subject to the proceedings required *(i)* to the approval of the private investment project with the competent body (the regulation of said legal document, which has not yet been published, shall establish the proceedings required for the approval of a private investment project, namely the competent body for its approval), and *(ii)* to obtain the proper capital import licence, issued by the National Bank of Angola and endorsed by the commercial bank receiving the capital.

The entire process of incorporation can be carried out at the One-Stop Shop for Business (*Guichê Único da Empresa*), an administrative structure that provides the various services at one single place (notary, company registration, tax authority, etc.). Nevertheless, the licensing of the 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 Attendance Service (*Serviço Integrado de Atendimento ao Cidadão*/SIAC).

The Simplification Act foresees a special procedure for immediate incorporation of companies, which shall be densified by regulation, and also the possibility of promoting commercial registry acts and requesting the company's registration certificate online through a site on the Internet. The features of the site and the proceedings for online incorporation of companies shall be further regulated. The Simplification Act also foresees the possibility to make all obligatory publications of corporate acts through a site on the Internet of public and free access, wherefore the mandatory publication in Official Gazette will be released.

3.1.3 Time and cost of the processes

Excluding the time required to obtain approval of a private investment project with the competent body, the incorporation of a company may take up to a month (through the normal procedure) or about five days (through the One-Stop Shop for Business). It is expected that the amendments entered by the Simplification Act reduce the time required to complete the proceedings of incorporation of a company in Angola. However, given that the Simplification Act was recently approved and lacks further regulation, it is still not possible to forecast the expected time required to complete the incorporation of a company under the proceedings entered by the Simplification Act.

With regard to administrative fees, recently published Act 16/14 of September 29 establishes fixed fees levied for the incorporation of a company. Therefore, the fees associated with the constitution of commercial undertakings were reduced and fixed by reference to the type of company to be constituted (rather than the share capital), and range from AOA 12,000 (approximately USD 90) to AOA 42,000 (approximately USD 310).

The act of constitution of single-shareholder or multiple-shareholder private limited companies, partnerships and limited partnerships is subject to the payment of fees in the amount of AOA 10,000 (approximately USD 70). As for the constitution of single-shareholder or multiple-shareholder public limited companies and partnerships by shares, a payment of AOA 40,000 (approximately USD 300) of fees is required.

To these amounts are not cumulated any personal fees, charges, surcharges or reimbursements.

Moreover, the customer support in the services of the One-Stop Shop for Business is subject to payment of a fixed value fee of AOA 1,000 (approximately USD 7), which comprises the issuing of the business permit. However, the payment of additional fees may still be required.

The act of incorporation of a commercial company is also subject to publication in Series III of the Official Gazette. For that purpose, an amount of AOA 1,000 will be charged by the National Press (*Imprensa Nacional*).

3.2 Possibility of formation of joint ventures and respective requirements

Angolan law enables the creation of joint ventures involving companies of any of the types referred to above.

Company law allows for shareholders' agreements to be entered into. In this way, the shareholders may agree amongst themselves on the rules of transferability of "*quotas*" or shares and their right to information, as well as rules regarding the exercise of voting rights. However, they are not allowed to agree on the exercise of management or supervision duties. Also, the law stipulates the cases in which agreements resulting in the obligation to vote in a certain way are deemed to be null and void.

Another form of joint venture, without having to resort to the creation of a new legal entity, involves the execution of a consortium agreement (Act 19/03 of August 12). It is a form of representation widely used in Angola, particularly in the construction and oil industries.

3.3 Forms of local representation

The new Private Investment Act excludes the "opening and extension of branches or other forms of local representation of foreign companies" from the list of foreign investment operations. Moreover, the Simplification and Modernization of Land Registry, Commercial Registry and Notary Services Act, enacted by Act 1/97 of January 17, establishes that the registry of foreign companies with a branch or a representative office in Angola entails the presentation of the "document attesting that the opening of the branch or the representative office was authorized by the competent Angolan entities", which would correspond to the Private Investment Registration Certificate ("*Certificado de Registo de Investimento Privado*"/ CRIP) bestowed to the foreign company aiming to open a branch or a representative office in Angola, following the approval of the relevant private investment project with the National Agency for Private Investment (*Agência Nacional para o Investimento Privado*/ANIP), under Act 20/11 of May 20 (the Private Investment Act recently revoked). Given that said foreign investment operation was excluded from the list provided by the new Private Investment Act, foreign investors no longer can choose to pursue their business activities in Angola through a branch or a representative office.

4. Foreign Exchange Legislation

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

Act 5/97 of June 27 (Foreign Exchange Act/"*Lei Cambial*") governs commercial and financial transactions having 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 (BNA) is the foreign-exchange authority of Angola, and it may delegate its powers to other entities.

In applying the Foreign Exchange Act, 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 Act determines who is considered a forex resident and non-resident, according to criteria based on habitual residence and location of the registered office. For these purposes and in accordance with foreigners in the Republic of Angola legislation ("*Regime Jurídico dos Estrangeiros na República de Angola*", Act 2/07 of August 31), a work permit does not entitle its bearer to settle in Angola, so only foreign citizens who hold a residence permit may be considered forex residents in Angola.

4.1 Foreign-exchange transactions

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

4.1.1 Invisible items of trade operations

According to the law, invisible items of trade operations are considered to be "any current account transactions that are not of goods, in particular those related to travel and current transfers between Angola and outside Angola and between residents and non-residents, whose maturity date does not exceed 360 days".

Under the new regulation, the invisible items of trade operations are divided between: *(i)* travel and transfers and *(ii)* services and income. Invisible items of trade operations may originate in a request from a resident or a non-resident. The invisible items of trade operations should be settled within 360 days from the rendering services date.

In accordance with existing foreign-exchange legislation, the financial intermediation principle prevails and, therefore, the invisible items of trade operations can only be executed through a financial institution duly authorized by BNA to carry out foreign-exchange trade. Financial institutions may, without BNA's prior authorization, sell foreign currency and execute external payments or transfers as a result of, in particular, invoices regarding contracts previously approved by BNA, as well as payments or transfers of services resulting from contracts up to a certain amount (fixed periodically by BNA). Conversely, operations related with acts or contracts in amounts above the thresholds fixed by BNA are subject to prior authorization by BNA. Also, transfers related to financial and capital applications and reimbursement of payments resulting from the cancellation of contracts or undue payments are subject to prior authorization by BNA.

Financial institutions must register the contracts and transactions on the "integrated foreign operations system" (also known as "SINOC"/"*Sistema Integrado de Operações Cambiais do Banco Nacional de Angola*") before the execution of any operation related with them or for obtaining an approval from the BNA when the relevant operation is subject to prior authorization. BNA should notify the relevant financial institution of the approval, denial or, should it deem necessary, request for additional information within eight business days starting from the submission date of the application to the SINOC (or, where applicable, counting from the date additional information was received). After the end of that period and in the absence of a response by BNA, the financial institution is allowed to execute the operation, provided that all registration requirements are being complied with as verified by the financial institution which is liable for its correct execution.

Without prejudice to the mandatory registration with SINOC, acts and contracts related to services provided by residents to non-residents and the operations related to income arising from them are not subject to prior authorization by the BNA. Moreover, the operations made by residents outside Angola related to income and repatriation of profits from financial and capital applications are not subject to prior authorization from BNA.

Contracts used as support for invisible items of trade should clearly express their purpose, the deadline, the rights and obligations of the parties and the price. On the other hand, said contracts cannot contain clauses that reflect a manifest imbalance between the liabilities of the parties or clauses that establish an automatic renewal of the contract. The contract price cannot be calculated based on percentages of turnover, income, sales or purchases, except for the cases where the international commercial practice determines it. The contracts that, beside invisible items of trade operations, include additional elements, such as goods and

others relevant for calculating the global price of the contract must indicate separately the value of said additional elements. Finally, the use of the Portuguese language (or the presentation of a duly legalized translation into the Portuguese language) is mandatory for contracts used in support of invisible items of trade operations.

Contracts for the provision of foreign technical assistance or management services are regulated independently.

4.1.2 Capital operations

According to the law and related regulations, capital operations are deemed to be "contracts and other legal acts whereby rights or obligations are constituted or conveyed between residents and non-residents, including loans maturing at more than one year, foreign investment operations and capital movements of a personal nature" and "transfers between Angola and abroad listed in the law as well as those directed at the purposes of or arise from the acts mentioned in the law". In particular, capital operations are as follows:

- 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;
- transfer of amounts resulting from the sale or liquidation of positions acquired in accordance with the previous operations;
- issue of shares by any companies or corporations and issue and full or partial repayment of public debt securities, of bonds issued by private entities and other securities of a similar nature maturing at more than one year;
- subscription and purchase or sale of shares in any companies or corporations and public debt securities, bonds issued by private entities and other securities of a similar nature maturing at more than one year;
- the grant and full or partial repayment of loans and other credits (whatever the form, nature or title thereof), when for a term exceeding one year, with the exception of loans and other credits exclusively civil in nature.

The regulations in force are mainly directed at governing capital operations involving not only the import but also the export of capital. For that purpose, the related regulation stipulates that all capital operations are subject to authorisation by the BNA.

It should also be said that the law limits to financial institutions domiciled in Angola the ability to import and export capital, after authorisation by the BNA. In certain cases, this authorisation may be delegated to credit institutions. Lastly, the foreign exchange attributed to the holder of a licence to import or export capital cannot be used for purposes other than those for which it was granted.

Also, the creation of new companies or any branches abroad (as well as buying or selling shares of companies domiciled outside the country) using capital domiciled in Angola is considered a medium- or long-term capital operation, and as such subject to the requirements of prior authorisation by the BNA. However, through Notice 13/14 and Notice 14/14 of December 24, the BNA simplified the export of capital relating to profits and dividends and the importation of capital arising from private investment.

Notice 13/14 states that only transfers of profits and dividends of foreign investors under the Private Investment Act that amount to an annual global value of more than AOA 500 million (approximately USD 3,677,000) are subject to prior authorization by the BNA.

Relating to the import of capital, according to the Notice 14/14, the issuance of a Private Investment Registration Certificate automatically grants a license for the import of capital; only the registration of investments with the BNA, through financial institutions is mandatory and required.

Applications for capital operations must be submitted by the interested parties to a financial institution authorised to carry out foreign-exchange trade, which forwards them to the BNA. The BNA may require clarification, additional information or evidence of the interested parties and also request the opinion of official bodies, before issuing the respective licence for the export of capital.

Following authorisation of the operation and the issue of a capital export licence, the applicant may export the capital, which can only be done through banks authorised to carry out foreign-exchange trade in Angola.

Failure to comply with the provisions of the foreign-exchange law is punishable with a fine, which may apply not only to those involved in the operation but also to the members of their board of directors and the financial institutions involved.

4.1.3 Merchandise operations

The rules on foreign-exchange transactions for the payment of import, export and re-export of goods were recently updated (BNA Notice 19/12 of April 25, amended by BNA Notice 3/14 of August 12). This Notice determines the obligation that the settlement of such transactions be made through a banking financial institution, and no more than one such institution may be involved in a single transaction (that is, the settlement of a given transaction must be undertaken through just one banking institution).

Foreign-exchange operations that fall under this requirement are subject to prior licensing by the Ministry of Commerce, except in the case of the import of goods worth less than USD 5,000 and accompanied baggage entering the territory via the border-crossing points under the simplified import mechanism.

This law also established the need for recourse to documentary credits, restricting advance payments abroad *(i)* to imports of goods whose value does not exceed AOA 30 million (approximately USD 220,600), and *(ii)* goods that are specifically manufactured for the importer or difficult to place in alternative markets whose deadline for entering the country is up to 180 days. For such prepayments to be made there can be no group relationship between the exporter and the importer nor can they be related entities, and the total amount of the advance payments shall not exceed two and a half times the importer's share capital.

Payments against delivery may be made by documentary collections and documentary remittances.

Permit applications (which must include documentation regarding the import process and goods referred to in the BNA notice) are submitted to a commercial bank.

Also relevant are the rules of the simplified procedure for the payment of import of goods approved by BNA Notice 4/14 of August 12.

4.2 Special foreign exchange legislation applicable to the oil industry

Act 2/2012 of January 13 (Foreign Exchange Act Applicable to 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, as well as 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 Notice 20/2012 of April 12.

To this end, the National Concessionaire and its associates are required to open a foreign-currency account with banking institutions domiciled in Angola for payment of taxes and other fiscal obligations to the State, as well as 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 referred measures took place according to the following timetable:

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

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

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

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

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 will be primarily used for the payment of current expenses ("cash call") and only then will the surplus balance be allowed to be placed by the foreign associates on the domestic or foreign market.

Regarding the disposal of amounts corresponding to profits, dividends, incentives and other capital remuneration and of the amount of depreciation of the investment, foreign associates are entitled to deposit them with foreign financial institutions, while the 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), which must then be registered with the banking financial institutions via the Integrated Foreign-Exchange System of the National Bank of Angola ("*Sistema Integrado de Operações Cambiais do Banco Nacional de Angola*"/SINOC).

The Foreign Exchange Act Applicable to 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 any of the 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 shall, individually and prior to November 30 each year, submit the annual forecast of foreign-exchange transactions, such information to be updated quarterly. The block operator shall likewise quarterly submit to the BNA a detailed list of all contracts concluded with non-resident suppliers.

BNA Notice 7/14 of October 8 establishes the procedures to be adopted in the transactions for the sale of foreign currency by the National Concessionaire and its national and foreign associates and by oil operators, including the members of the Angola LNG Project/"*Projecto Angola LNG*".

Notice 7/14 is applicable to the sale of foreign currency *(i)* by the National Concessionaire and its national and foreign associates to BNA aiming to fulfil tax burdens and other tax obligations towards the State, and *(ii)* by the oil operators to BNA, for the purposes of paying goods and services provided by forex resident entities.

The exchange rate used by BNA in connection with the referred transactions of sale and purchase of foreign currency is the exchange rate of reference for purchases in the primary market, published daily on its website, in force on the day of the confirmation of the reception of funds in foreign currency. No commissions in favour of BNA arise from the execution of the exchange transactions and bank transfers subject to Notice 7/14.

Notice 7/14 further determines that the oil operators shall report to BNA the funds needed for the following month prior to the 28th of each month (or the working day immediately after, when the 28th is on the weekend), mentioning the percentage needed for payments in favour of forex resident entities.

5. Import and Export Regulations

Cross-border transactions of goods are subject to payment of customs dues, Stamp Duty, Consumption Tax and general customs emoluments.

The entity responsible for the supervision of customs activities is the Tax Authority (*Administração Geral Tributária*). Other entities involved in foreign and internal trade oversight are the Ministry of Commerce, the Ministry of the Interior (via the Tax Police/*Polícia Fiscal* and the Criminal Investigation Office/*Serviço de Investigação Criminal*), the Ministry of Health, the Ministry of Agriculture, the Ministry of Foreign Affairs, the Ministry of Industry, the Ministry of Petroleum, and the Ministry of Transport (through the National Council of Shippers and Administration of Ports and Airports/*Conselho Nacional de Carregadores e Administração dos Portos e Aeroportos*).

All importers must have a tax identification number issued by the Tax Authority. This number is also the importer's code to be used in cross-border import and export activities and must appear in the Single Document/"*Documento Único*" (which aims to simplify customs procedures and reduce red tape and the time of customs clearance of goods).

Economic operators should also license themselves as exporting/importing entities at the Ministry of Commerce. For all intents and purposes, the law enables both natural and corporate persons to undertake import and export operations.

If all procedures are complied with, the customs system will carry out customs clearance of goods in 48 hours.

Even though, generally speaking, the law allows the import of any goods, the import of imitation coffee with the designation of coffee, of medicines and foodstuffs harmful to public health, of right-hand drive vehicles, among other goods, is strictly prohibited on moral grounds or for a need to protect human life, wild life and flora, commercial and industrial property, national treasures of artistic, historic and archaeological value and intellectual property. Certain goods may be subject to special authorisation.

Angola has been part of the World Trade Organization since November 23, 1996. Its custom regulations follow the Customs Tariff ("*Pauta Aduaneira*"), regulation approved by Presidential Legislative Decree 10/13 of November 22, amended by the Rectification 1/14

of January 30, which introduced aggravations, reductions and limitations to import and export duties, aiming to boost the domestic production in the sectors in which Angola has a production capacity.

Complementing the Customs Tariff, Decree 41/06 of July 17, amended by Presidential Decree 63/13 of July 11, enacted the Pre-Shipment Regulation ("*Regulamento de Inspecção Pré-Embarque*"/REGIPE). Seeking to simplify and modernise customs procedures, this mechanism establishes an optional regime for pre-shipment inspection, meaning that importers and exporters may or may not conduct pre-shipment inspection. The amendment introduced in 2013 extinguishes the obligation of pre-shipment inspection, replacing it by the voluntary pre-shipment inspection. However, where the authorities so decide, local inspection of goods imported into Angola may be ordered.

Angola is party to several trade agreements, among which stand out the Agreement on Preferential Tariff Treatment for Exports to China, the Southern Africa Development Community Trade Protocol and the Economic Partnership Agreement between the European Union and the African, Caribbean and Pacific countries. The Angolan State ratified the Bamako Convention on the Ban of the Import of Hazardous Waste and the Control of Cross-Border Movement of such wastes in Africa, and took part in the 1992 Rio Declaration on environment and development.

Angola is also part of the Generalised Scheme of Preferences, which offers developing countries a reduction of Customs Duties for some of its products entering the European market. For the purposes of this trade agreement, Angola is considered a developing country.

The oil industry has a specific customs procedure enacted by Act 11/04 of November 12, 2004. It determines that all entities that join up with the National Concessionaire shall be exempt from Customs Duties on the import and export of goods, provided they are exclusively engaged in oil operations and the goods are included in the list appended to the Act.

The import and export of products and goods to and from Angola are subject to control mechanisms that ensure compliance by the economic agents with the obligations provided for by law.

The rates of import duty and of the Consumption Tax on goods imported under investment projects (approved under the Private Investment Act/"*Lei do Investimento Privado*") are covered by a special mechanism that stipulates, in certain cases, full exemption from Customs Duties. The Stamp Duty levied over exports is calculated by applying the rate of 0.5% to the customs value of the goods, and the Stamp Duty levied over imports is calculated by applying the rate of 1% to the customs value of the goods. The definitive importation of goods is subject to general customs emoluments calculated by applying the rate of 1% to the customs value of the goods included in each import clearance.

BNA Notice 4/14 of August 12 (Simplified Process for the Payment of Importation of Goods/"*Processo Simplificado para o Pagamento de Importação de Mercadorias*") establishes new simplified rules and procedures applicable to foreign exchange transactions of payment of importation of goods.

Companies intending to use the Simplified Process for the Payment of Importation of Goods must submit to BNA a licence application to that end. There are extensive requirements for the submission of the licence application under the Notice 4/14 which include, *inter alia*:

- a statement issued by the intermediary bank through which the company intends to perform most of the operations;

- audited financial statements of the last three financial years, together with the reports of an independent auditor about said statements.

Once the licensing application is submitted, BNA examines the request, namely considering *(i)* the economic and financial strength of the applicant company, *(ii)* the volume of goods imported into the country for the last 36 months, *(iii)* the level of compliance of the foreign exchange legal framework by the applicant company, *(iv)* the importance to the domestic economy of the goods to be imported, and *(v)* the independent auditor's opinion on the financial statements of the company.

BNA must convey its decision on the licensing application within a 60 days term from the submission date of the application. In case of approval, BNA shall issue a licence valid for 12 months, which may be renewed for an equal period.

The two main amendments introduced by the Simplified Process for the Payment of Importation of Goods are the following:

- exemption from submitting the support documentation for the import and export transactions by the importers to the banking institutions, at the time of request of payment to the exporter; and

- ability to perform advance payments for the importation of goods (before the entry of the goods into Angola) up to the maximum amount of AOA 100 million (approximately USD 735,400) per exporter (if the amount of advance payments to the same exporter surpasses the amount of AOA 100 million without the goods having entered the country, the payments are considered to be integral parts of a sole operation, deliberately split).

Among the obligations of licenced companies set forth by Notice 4/14, reference should be made to the obligation of archiving, by liquidation date, the documents required by Article 8 of the BNA Notice 19/12 of April 19 in which the importer was exempted from adding to the simplified importation process (letter from client, *proforma* invoice, commercial invoice, transport document, import license, single document, supply agreement, bank guarantee, among others).

In case any irregularities are found in connection with the fulfilment of the obligations prescribed by Notice 4/14, BNA may, at any moment, temporarily or definitively suspend the relevant license.

6. Financial Market

6.1 Financial institutions

Financial institutions are governed by Act 13/05 of September 30 (Financial Institutions Act/"*Lei das Instituições Financeiras*"), which governs the process of establishment and the business of financial institutions, as well as the supervision and reorganisation of financial institutions.

Financial institutions may be banking or non-banking institutions. The latter are subdivided into three categories: *(i)* those related to currency and credit subject to the jurisdiction of the National Bank of Angola (such as exchange bureaux, factoring companies, finance lease companies, payment service providers); *(ii)* those related to insurance business and social security subject to the jurisdiction of the Insurance Supervision Institute of Angola/*Instituto de Supervisão de Seguros de Angola* (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 brokerage, venture-capital companies, holding companies, investment-fund or securitisation-fund management companies).

To carry on any of the activities governed by the Financial Institutions Act, the company will have to adopt one of the forms prescribed by law and obtain authorisation to carry on the business from the respective regulator.

The business 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 approval of the new Organic Law of the National Bank of Angola ("*Lei Orgânica do Banco Nacional de Angola*") and of the Foreign Exchange Act ("*Lei Cambial*"), the National Bank of Angola (BNA) was endowed with greater responsibility and autonomy in monetary and foreign-exchange matters and delegated to commercial banks and exchange houses powers to licence and undertake a number of current invisibles transactions in foreign currencies.

The Angolan financial market has been subjected to several measures involving modernisation and adaptation to international financial standards. Of these, the following are noteworthy:

- creation of Treasury Bonds and Treasury Bills, which, together with Central Bank Securities, are instruments used to finance the State in a non-inflationary manner and, at the same time, regulate the liquidity of the financial system through open-market transactions by the Central Bank;

- creation of the Payment System and Interbank Services Company (*Sistema de Pagamentos e da Empresa Interbancária de Serviços*, the company responsible for the provision of electronic clearing services of transactions processed by the electronic payments network) and the entry into operation of the Real-Time Payment System ("*Sistema de Pagamentos em Tempo Real*");

- legislative stimulation of the money and foreign exchange markets conducted from 2003, governing transactions with Treasury Bills and Bonds, providing the banking market and the economy more facilities in carrying out their operations;

- creation of a specific legal framework for non-banking financial institutions and creation of the Luanda Stock Exchange.

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

The BNA is charged with the execution, monitoring and control of the monetary, foreign-exchange and credit policies, management of the payment system and administration of the currency within the scope of the country's economic policy, and it is also charged with implementing measures aimed at stabilising 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.

Banking and non-banking financial institutions authorised to operate in Angola must be properly registered with the National Bank of Angola (a list of authorised banking financial institutions can be found on the BNA website on the Internet).

6.4 Possibility of obtaining bank loans by foreign investors

A foreign investor may obtain credit from the Angolan banking system. However, because the investor is a forex non-resident for the purposes of the Foreign Exchange Act, the investor is subject to the constraints and requirements of the Foreign Exchange Act and related regulations.

7. Tax Legislation

Taxes are becoming more important in African economies, especially in Angola, which recently underwent a profound tax reform. Since 2011 several tax codes have been published revoking, in some cases, other regulations published several decades ago, such as Business Income Tax Code (Act 19/14 of October 22), Personal Income Tax Code (Act 18/14 of October 22), Investment Income Tax Code (Presidential Legislative Decree 2/14 of October 20), Stamp Duty Code (Presidential Legislative Decree 3/14 of October 21), Customs Tariff (Presidential Legislative Decree 10/13 of November 22), relevant amendments to the Consumption Tax (Presidential Legislative Decree 3-A of October 21), as well as a new General Tax Code (Act 21/14 of October 22), a Tax Execution Code (Act 20/14 of October 22) and a Code of Tax Proceedings (Act 22/14 of December 5).

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. Angola has not yet concluded any tax treaty to eliminate double international taxation.

It is worth mentioning that on October 23, 2014, a tax pardon regime or the exceptional tax debt regularization regime was published. This regime concerns debt regarding Business Income Tax, Investment Income Tax, Personal Income Tax, Stamp Duty and Urban Real Estate Income Tax, and is applicable to taxable events incurred prior to 31 December, 2012.

This regime applies to the amount of tax and ancillary amounts, such as interest for late payment as well as compensatory interest, penalties and legal costs. Social security contributions and Customs Duties are expressly excluded from the application of this regime as well as all the taxes not referred to above. This regime is also inapplicable to entities with a majority of ownership by the State and to entities subject to the special taxation regime of mining activities and petroleum operations.

The application of the new General Tax Code maintains 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 an infraction by the taxpayer) and reduces the general right to claim taxes to 10 years (previously the general statute of limitations was 20 years).

Taxpayer's guarantees are increased with the application of the new Tax Proceedings Code namely with the right to be a part of the decision process ("*direito de audição*") and the general guarantee that the proceedings should be terminated in a 90-day period.

The relationship between the taxpayer and the Tax Administration may now benefit from an increasing number of technical procedures foreseen in the law so that the Tax Authorities may act (namely regarding required formalities for the taxpayers' service of process, 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 means of reaction available against any illegal actions taken by the Tax Authorities.

In June 2015, the Special Contribution on Current Invisible Currency Transactions was introduced, establishing a 10% rate levied on certain types of transfers overseas. Transfers made overseas referring to the payment of service agreements on foreign technical assistance or management are subject to this Special Contribution.

A service agreement on foreign technical assistance or management is such whose object is the acquisition of specialized administrative, scientific and technical services to non-resident entities necessary to maintain, improve or increase the productive capacity of both goods and services, as well as to increase the level of professional training of employees, which demand from the non-resident entities knowledge (or know-how) which is not available in Angola.

The assessment of this Contribution must be made by the taxpayer (meaning the one who requires the transfer) before processing the transfer, and financial institutions must only conduct these transfers overseas with due certification of the Revenue Collection Document ("*Documento de Arrecadação de Receita*").

Also recently, several legislative authorizations were given to enact several sectoral laws that may give rise to important developments from a tax point of view, such as the regulation on securitization, private equity and Special Economic Areas.

7.1 Corporate taxes

7.1.1 Business Income Tax ("*Imposto Industrial*")

Angola does not have a single tax on corporate income. There are, in fact, Business Income Tax ("*Imposto Industrial*") and Investment Income Tax ("*Imposto sobre a Aplicação de Capitais*"), in addition to 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 domicile, registered office or effective management there.

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.

Taxation under Business Income Tax divides taxpayers resident in Angola into two groups:

- *Group A* includes the great majority of investors, that is, State companies, public limited companies and partnerships by shares, as well as other civil and commercial companies; the following entities are mandatorily taxed under Group A: *(i)* public companies and equivalent bodies, *(ii)* companies having a share capital equal to or greater than AOA 2 million (approximately USD 14,700) or *(iii)* with a total annual income equal to or greater than AOA 500 million (approximately USD 3,677,000), *(iv)* civil societies, foundations and cooperatives whose activity generates additional revenues beyond the funds and allowances received from its members, co-operators and patrons, and *(iv)* the branches of non-resident companies in Angola;

- *Group B* includes natural or corporate persons not taxed under the rules of Group A or who owe tax in respect of an isolated act or transaction of a commercial or industrial nature.

Major tax exemptions and exclusions

The main exemptions and tax benefits foreseen for 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 those agreements, shipping and airline companies benefit from a general Business Income Tax exemption if, in their country of nationality, Angolan companies with the same object 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, and *(v)* the activity of foundations, autonomous funds, cooperatives and charity associations.

For taxpayers included in Group A, Business Income Tax is levied on annual income computed on the basis of profit and loss incurred during the year.

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 as they 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, premiums on bonds, among others) is subject to Business Income Tax only if not liable for other 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 made by the shareholders or of tax credits). In the formation of taxable income, expenses necessary to realise these gains are deductible, within "reasonable" limits, including charges for ancillary activities, financial charges, administrative charges, depreciation of property, taxes and levies themselves (except, naturally, Business Income Tax), certain types of donations, medical expenses, and certain types of provisions.

Some expenses are, however, expressly considered as non-deductible, including compensation paid as a result of insurable risk, fines and all charges related with infractions of any nature, interest charged on loans (of any kind) of the share capital holders, loan interest, expenses with maintenance and repair of rented buildings (considered as costs in the calculation of Municipal Real Estate Tax), as well as other taxes due. Costs borne in health care, day care centres, canteens, libraries and schools can only be deducted if they have been made available to the majority of the company's employees. Tax losses recorded in a given year can be deducted from taxable income up to the end of the third year following the occurrence of such losses. However, tax losses determined on tax-exempt or reduced-tax activities cannot be deducted.

The taxable amount of taxpayers in Group A is assessed by deducting from taxable net income the gains which are subject to Capital Gains Tax and the incomes which are subject to Municipal Real Estate Tax.

The taxable amount of taxpayers in Group B *(i)* is calculated in the same way as for taxpayers of Group A, if they have organized accounts or, *(ii)* when otherwise, it corresponds to the volume of sales of goods and services to which a rate of 6.5% will be applied.

Companies which compute the tax due according to the rules of Group A are required to have their financial statements audited by a chartered accountant.

Business Income Tax rates

The current Business Income Tax rate is 30%, but there is a reduced rate of 15% for income generated in the context of agricultural, fish farming, poultry farming, fishing, forestry, and livestock activities.

The provision of services of any kind (carried out in Angola or on behalf 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 6.5%, payable by withholding.

The tax rate of the Business Income Tax can be reduced in the context of private investment projects duly licensed by public authorities foreseen in general and in special legislation approved thereto.

Donations which are not covered by the Patronage Act are not considered as tax costs and are subject to autonomous 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 in Group A, 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 in Angola of goods similar to those sold by the permanent establishment and *(ii)* profits on other activities carried out in Angola in economic activity similar to that carried on by the permanent establishment.

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 from the tax assessment part of the Investment Income Tax previously borne in the determination of the Business Income Tax due.

Permanent establishment

According to Angolan law, permanent establishment shall mean a fixed place through which the company carries on the whole or part of its business, comprising, *inter alia*, a place of management, 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 for construction or assembly or inspection activities carried on there, including 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 totalling more than 90 days in any 12-month period.

It is also considered that a permanent establishment exists where 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 it 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), they 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 income they earn in Angola, depending on the type of income concerned (Investment Income Tax, employment income or income from an Angolan subject to Business Income Tax).

Transfer pricing

Resident entities that are in a situation of "special relationship" with other entities, resident or non-resident, subject or not to Business Income Tax, shall implement conditions similar to those that would normally be agreed between independent persons. The tax authorities may make such corrections as may be necessary for determining the taxable income whenever it finds that the conditions applied were different from what would normally be agreed between independent persons.

The law does not define extensively what is meant by special relationships, but considers there are 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

At the end of 2013 the Statute of Large Taxpayers ("*Estatuto dos Grandes Contribuintes*", Presidential Decree 147/13 of October 1) was created to establish a special taxation scheme for entities that qualify as large taxpayers. Large taxpayers are required to have audited and certified accounts as well as to give notice of any changes in shareholding structure, management, and headquarters or place of effective management.

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 according to this regime. Under this special scheme for the taxation of groups of companies all profits and losses of the companies of the group are pooled.

  For the purposes of this regime a group of companies is considered to exist if the 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.

  Thus, for the purposes of this legal regime the concept of associated enterprises is fulfilled when an entity has the power to exercise, directly or indirectly, a significant influence on the management decisions of the other, which it is deemed to occur namely when: *(i)* directors or managers of a company as well as 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 that enter into a subordination agreement; *(iv)* entities that are in a group relationship as well as entities that are bound by a subordination agreement of a parity group, or other of equivalent effect, according to the Commercial Companies Act; *(v)* commercial relations two entities represent more than 80% of the total turnover of one of such entities; or *(vi)* an entity finances the other in 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 (for which only the so-called Large Taxpayers are eligible) that, provided certain requirements and formalities are fulfilled, defers taxation on any transfers of assets which take place by virtue of those reorganizations. This scheme also allows the deduction of tax losses incurred by the merged or divided companies in the new company or the incorporating company, provided prior authorization is given by the Minister of Finance.

Assessment and payment on account of Business Income Tax
The tax shall be due by the end of the months of August (included in Group A) and July (included in Group B), by reference to the tax year in question, corresponding to 2% of the total amount of sales made by the taxpayer in the first six months of that year.

Withholding of Business Income Tax on services
The Business Income Tax due for the provision of services is withheld at the 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 supervisory body of games or the Capital Market Commission.

Autonomous taxation
A regime of autonomous taxation has recently been introduced (and will only enter into force in January 1, 2017) for 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 ("*Imposto sobre a Aplicação de Capitais*")

Resident and non-resident taxpayers with permanent establishment in Angola
This tax is levied on income derived from the "simple investment of capital". The earnings thereof are divided into two categories.

- *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*: Investment Income Tax is owed on interest "produced in the country" or interest assigned to a person (natural or corporate) having domicile, effective management or permanent establishment in Angola.
  - *Exemptions*: income of financial institutions and co-operatives; interest on credit sales by tradespeople, default interest on payments by tradespeople; interest on loans embedded in life insurance policies (made by insurers), and interest on financial products directed at promoting savings (approved in advance by the Ministry of Finance).

- *Section B*

  – *Objective basis of taxation*: interest on bonds, interest on loan capital, 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 premiums and other forms of remuneration of bonds, equities or other similar securities issued by any society, *(iii)* the amortization or reimbursement premiums and other forms of remuneration of Treasury Bills and of Treasury Bonds, *(iv)* the amortization or reimbursement 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 will be subject to tax, in case such disposal 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 shall be paid by a person with residence/effective management in Angola; made available through a permanent establishment in Angola; 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 assessment

The tax rate is 5% in cases of *(i)* income earned from interest, amortization or reimbursement premiums and other forms of remuneration of bonds, equities or other similar securities, treasury bills and bonds and central bank securities, with maturity equal to or greater than three years; *(ii)* the profits attributable to shareholders of companies and the repatriated profits attributable to permanent establishments of non-residents in Angola, when the shares of the concerned company are traded on a regulated market, as well as *(iii)* amounts awarded to companies or entrepreneurs as compensation for the suspension of its activity; 10% in the case of most income included in Section B, and 15% in the case of interest and the balance of interest 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.

With regard to income of Section A, the tax assessment is made, generally, by withholding at the source, carried out by the payor of the income. However, the tax assessment is made by the beneficiary of the income, whenever the payor does not have a head office, effective management or permanent establishment in Angola to which the payments are attributable. The rules that govern the assessment of tax in Section B are similar to those for Section B earners. However, it is noteworthy that, in case the income derives from listed securities which are held by entities exempt from Investment Income Tax, the financial institutions through which those securities are held shall inform the respective issuers that no tax shall be withheld at source.

Taxpayers not resident in Angola (with no permanent establishment)

Section A or B income is subject to Investment Income Tax (even if earned by taxpayers which do not reside in Angola and which do not have a permanent establishment in that territory to which such income is attributable), provided it is produced in Angola, that is, if it is paid by entities having their residence, registered office, effective management or permanent establishment there, to which the payment is to be attributed.

Additional Investment Income Tax rates were enacted by the new Private Investment Act (enacted by Act 14/15 of August 11) for dividends distributed to individuals or legal entities. This surtax applies to investment projects covered by the 2015 regulation in the part that exceeds the company's equity ("*fundos próprios*") as follows:

- tax rate of 15% if the exceeding amount does not surpass 20% of its equity;
- tax rate of 30% if the exceeding amount is higher than 20% and does not surpass 50% of its equity; and
- tax rate of 50% if the exceeding amount is higher than 50% of its equity.

7.1.3 Employment Income Tax ("*Imposto sobre o Rendimento do Trabalho*")

Income earned by technical, scientific or artistic activities undertaken on a freelance basis, as well as the income earned by natural persons in the pursuit of an activity as an employed person is subject in Angola to Employment Income Tax.

Natural persons do not have to be resident in Angola for their income to be taxed in Angola, if the income is obtained for services rendered to the country.

Employment income consists of any remuneration earned and received as payment of wages, salaries, fees, covenants, bonuses, allowances, commissions, attendance fees, participation in fines, costs, margins, commercial and industrial earnings, as well as other additional remunerations such as allowances for failures, representation allowances and, since late

2014, the remuneration paid by political parties and other organizations of political and social nature.

Main exemptions and deductions

Excluded from taxable income in particular are: *(i)* social benefits paid by the Social Security National Institute under the mandatory social security system; *(ii)* holiday bonuses; *(iii)* Christmas bonuses; *(iv)* representation allowance; *(v)* home-rent allowance up to a maximum of 50% of the value of the lease; and *(vi)* travel costs up to the limit stipulated for civil servants.

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

Taxation groups

Income subject to Employment Income Tax is divided into three groups:

- *Group A* includes the salaries received pursuant to an employment relationship, whether the latter results from a contract entered into under the General Labour Law or under the regime of the civil service;

- *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 fees earned through the performance of industrial and commercial activities, which are considered 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 the gross income of the taxpayer from the mandatory social security contributions and from the remuneration elements whish are not subject to or exempt from Employment Income Tax; this scheme also applies to the income of corporate bodies, even when they are included in Group B. The transfer of an employee's tax burden to an 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 additional tax assessment.

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 the payer does not have organized accounting), the taxable amount is calculated by taking into consideration the accounting records of the taxpayer, based on the available records of purchases and sales and services provided or on relevant data that the tax authorities may have. Expenses are presumed to correspond to a fixed percentage of 30% of the gross income of the taxpayer.

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 will correspond to the volume of sales of goods and services of the taxpayer.

Employment Income Tax rates

Income included in Group A is taxed at progressive rates, as defined in the table annexed to the Employment Income Tax Code: a tranche of income (AOA 35,000, approximately USD 260) is exempt from tax and the remaining income is subject to rates varying between 7% and 17%.

Income included in Group B is taxed at a single rate of 15%.

Income included in Group C is taxed at the rate of 30%, whenever the taxable amount corresponds to the amount stipulated in the minimum earnings table, and at the rate of 6.5% for all other situations.

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 Urban Real Estate Income Tax ("*Imposto Predial Urbano*")

Urban Real Estate Income Tax is a hybrid of income tax and wealth tax.

This tax is due by both natural and corporate persons, resident or non-resident in Angola, provided they are entitled to urban property rents, or due on their possession if the properties are not rented.

In the case of rented buildings, the tax is levied on the annual amount of the rent, expressed in local currency (less the percentage allowed for maintenance and repair expenses incurred by the landlord). In the case of properties not rented, the tax is levied on the asset value or on the value stated in the property tax records.

The income of urban property rents, taxed under Urban Real Estate Income Tax is not subject to Business Income Tax.

Main exemptions and deductions

Exempt from Urban Real Estate Income Tax are: *(i)* the State, public institutions and associations that enjoy the status of public utility; *(ii)* foreign States regarding buildings assigned to their diplomatic or consular representations (where there is reciprocity); and *(iii)* legalised religious institutions in respect of properties intended exclusively for worship.

Residential properties (rented or otherwise) recently built, enlarged or improved may be exempt from Urban Real Estate Income Tax for five to 15 years, depending on the province in which they are located.

In the case of rented properties, maintenance costs, including expenses associated with employees, cleaning, central air-conditioning, condominium management and insurance premiums should be deducted from taxable income, assuming that costs amount to a total of 40% of the annual value of the rent received.

Urban Real Estate Income Tax rates

The tax rate is 25% for rented properties and 0.5% for properties not rented (properties of an asset value exceeding AOA 5 million, approximately USD 36,800). Buildings used as hotels may benefit from a tax reduction of 50% for up to 15 years.

7.2.2 Real Estate Transfer Tax ("*Sisa sobre as Transmissões de Imobiliários por Título Oneroso*")

The Real Estate Transfer Tax is a tax on transfers of real estate situated in Angola and must be paid by the purchaser. The tax is levied on the declared value or, if greater, 30 times the amount in the tax records or, if the property has been valued, over 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 any type of companies regulated by Angolan commercial or civil law, where because of the acquisition one comes to hold 50% or more of the share capital of the company concerned.

The Real Estate Transfer Tax rate is 2%.

7.2.3 Stamp Duty ("*Imposto de Selo*")

All acts, agreements, documents, securities, books, papers, transactions and other facts set out in the table appended to the Stamp Duty Code are subject to Stamp Duty, namely:

- share capital increases of existing entities or paying up the company's share capital (at the rate of 0.1%);
- guarantees of obligations (variable rate between 0.1% and 0.3%, depending on the life of the guarantee, of the value), which are considered accessories to the contract specially referred in the Table provided the guarantees are entered into until 90 days after the entering into the contracts;
- financing operations (variable rate between 0.1% and 1%, depending on their life and value);
- acquisition of ownership of real estate (at a rate of 0.3%);
- finance leases of moveable and immovable assets (at the rate variable between 0.3% and 0.4% of the amount of the consideration);
- credit securities (at the rate variable between 0.1% and 1% of the value);
- sub-leases and sub-concessions (at the rate of 0.2% of the value);
- insurance (variable rate between 0.1% and 0.4%, depending on the type of insurance);
- rentals (at the rate of 0.1% of the first rent for housing purposes and 0.4% for other rentals), the responsibility to assess and pay the tax belongs to the lessor/landlord);
- customs operations (variable rate between 0.5% and 1%, depending on the goods);
- any agreement not specifically provided for in the table (AOA 1000, approximately USD 7);
- receipts for the actual receipt of credits (at the rate of 1%), excluding the receipts of rents received under a rental agreement for housing purposes if individuals enter into a rental agreement.

Main exemptions and deductions

The State or any of its services, establishments and organisations; welfare and social security institutions; public-utility associations (except those carrying on business activities); and micro-enterprises in carrying on their business are exempt.

Also exempt are certain types of credit operations related with consumption and savings incentives and certain types of insurance-contract premiums. Other Stamp Duty exemptions may apply to cases such as *(i)* transfer of immovable property in the process of mergers, de-mergers and incorporation, provided the process is previously authorized

by 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 child-parent; and *(v)* interests incurred from Treasury Bonds.

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

7.3 Excise duties

7.3.1 Consumption Tax ("*Imposto de Consumo*")

This Consumption Tax is not yet a value added tax (VAT) and, for this reason, Angolan economic operators cannot deduct the Consumption Tax paid in the course of their business in the production chain.

Who is taxed
Tax is payable by natural or corporate persons who import goods, consume or provide water and energy, produce or transform goods or carry out any of the activities/services subject to the tax.

What is taxed
Only the import and production/provision of goods and services in Angola are subject to Consumption Tax. For Consumption Tax purposes all products produced in Angola as well as all products from which the production process has its end in Angola are considered to be produced in Angola.

Subject to Consumption Tax in particular are: *(i)* the production and import, as well as the consumption, of water and energy; *(ii)* electronic communications and telecommunications; *(iii)* hotel and related to ancillary activities and services; *(iv)* rental of machinery or other equipment; *(v)* renting facilities prepared for conferences; *(vi)* renting facilities for the purpose of collective parking vehicles; *(vii)* several consulting services; *(viii)* photographic services; *(ix)* private security services; *(x)* tourism and travel services; *(xi)* business or commercial establishments' manager services; *(xii)* vehicle rentals; and *(xiii)* access to cultural, sports events or shows.

There are no special excise duties in Angola. The goods that are normally taxed under excise duties (tobacco and alcohol) are, in Angola, taxed under Consumption Tax at a higher rate (between 20% and 30%).

The taxable amount
With regard to services, the tax is levied, as a rule, on the price paid for the services. For goods produced in Angola, the Consumption Tax is levied on production cost (excluding Consumption Tax already paid in the production process). With regard to imported goods,

Consumption Tax is levied on the customs value (as increased by the Customs Duties, levies and customs-clearance expenses). With regard to any auctions or sales by customs or any other public services, the tax is due on the basis of the total amount paid.

Main exemptions and deductions

Unprocessed agricultural and livestock products, primary forestry products, unprocessed fishery products and unprocessed mineral products are not taxable.

Exempt from Consumption Tax are goods exported by the producer (resident in Angola), goods imported by diplomatic representations (provided there is reciprocity) and international organizations, raw materials and subsidiary materials incorporated in the producing process, equipment materials/capital goods and spare parts, breeding animals, and hand-crafted goods used in the manufacturing process.

Some services may be exempt from Consumption Tax if acquired by a petroleum investing entity in Angola, independently of its residency, developing petroleum operations exclusively in the concession areas in the stage of research or development. The services that may be exempt are namely the renting services above referred to, consulting services, private security services, tourism, travel and photographic services, business or commercial establishments' manager services, and vehicle rentals.

Consumption Tax rates

The tax is assessed on a monthly basis and the general rate of Consumption Tax is 10%. However, the goods and services provided for in Tables I, II and III appended to the Consumption Tax Regulation are taxed at special rates. Thus:

- *goods listed in Table I* are taxed at the reduced rate of 2% (particularly basic perishable foodstuffs, medicines, etc.);

- *goods listed in Table II* (imported goods and domestic production) are taxed at a rate ranging from 20% to 30% (particularly, alcoholic beverages, tobacco, diamonds, gold and silver);

- *services listed in Table III* may be taxed at a rate of 5% (consumption of water and energy, vehicle rentals and consulting services) or 10% (hotel services, tourism and the like).

Regarding Consumption Tax taxpayers have enlarged declarative obligations as they are required to comply with organised accounting to allow clear access and information about the necessary requirements to perform the Consumption Tax assessment permitting immediate control of the authorities.

7.3.2 Customs Duties ("*Direitos Aduaneiros*")

All goods imported and exported from Angola are subject to Customs Duties (save rare sectoral exceptions), the tax varies depending on the origin and condition of import and export.

By the end of 2013, the New Customs Tariff for Import and Export Duties was approved, allowing Angola to modernize and adapt its customs regarding its accession to the International Convention on the Harmonized Commodity Description and Coding System (ICHCDCS) and to the new version of the Harmonized System's Nomenclature.

Within the scope of the current Customs Tariff, the following must be noted:

- the interpretation of the Harmonized System must be made according to the General Rules for the Interpretation of the Harmonized System's Nomenclature; and

- the Minister of Finance has the power to approve changes to the Customs Tariff text through a mere executive decree, anytime updates are made to the ICHCDCS or to the Harmonized System's Nomenclature approved by WCO, or are otherwise deemed necessary.

Main exemptions and deductions

Tax benefits granted to the import or export of goods may constitute a total or partial exemption from Customs Duties and other customs charges.

Temporary-import goods that are immediately exported are exempt from Customs Duties. Aircraft or any other means of transport or equipment temporarily imported for commercial use under a rental agreement or finance lease do not benefit from this exemption.

Reimports of goods that have not been subject to any actual benefit are exempt from Customs Duties (but are subject to general customs emoluments), as are certain construction materials and machinery used in the construction of social housing. There are also some sectoral exemptions, particularly in relation to the mining industry.

Customs Duties rates

Currently, the maximum rate is 30% and the general rate is 10%. A reduced rate of 2% may also be applied (on a very limited number of products).

As to general customs emoluments, a variable rate between 0.25% and 2% applies (exceptionally 10% in the case of cinematographic films) on the customs value of goods, depending on the type of goods imported or exported.

On the import of alcoholic beverages and liquids, tobacco and manufactured tobacco substitutes, luxury cars, clocks and watches, jewellery and other goldsmithery and silversmithery articles and perfumery products, there is a surcharge of 1% on the value of the goods.

With the aim of reducing the dumping margin, additional levies may apply to certain imported goods.

Residually, a flat rate of 15% of their value also applies to goods sent by individuals to other individuals or carried in the personal luggage of travellers.

In addition to these duties, Consumption Tax and Stamp Duty may be due on imports or exports of goods or merchandise in transit through Angolan territory.

7.4 Tax incentives for private investment in Angola

7.4.1 New Private Investment Act

The new regime for tax incentives to the private investment in Angola is only applicable to investment projects approved after August 11, 2015.

This new regime reviews the pack of tax incentives available to investment in Angola and awaits further regulation on the tax deductions and accelerated amortizations (applicable to investment projects valued higher than the equivalent to USD 500,000).

It also establishes a general limit on the application of these tax incentives, according to which the latter cease their application upon the verification of the first of the two following conditions: *(i)* the investor benefited from a tax saving in the amount of the investment project; or *(ii)* a 10 year period has elapsed.

Tax incentives' Table contains the criteria for the gradual tax reductions applicable to *(i)* Business Income Tax, *(ii)* Property Transfer Tax, and *(iii)* Investment Income Tax, provided the investment projects are covered by the scope of application of the new Private Investment Act. The gradual tax reductions vary between one and 10 years according to the percentage points attributed to each investment project:

- *to investment projects to which a grade between 10% and 30% is attributed* it is foreseen to last for four years;

- *to investment projects to which a grade between 31% and 50% is attributed* it is foreseen to last for six years;

- *to investment projects to which a grade between 51% and 70% is attributed* it is foreseen to last for eight years;

- *to investment projects to which a grade between 71% and 100% is attributed* it is foreseen to last for 10 years.

The percentage established for each investment project varies according to *(i)* the number of jobs created, *(ii)* the investment value, *(iii)* the location of the investment project, *(iv)* the purpose of the exploitation/production of the investment project, *(v)* the Angolan shareholding, and *(vi)* the national added value.

The amount of the tax reductions is based on the Table annexed to the new Act. The enactment of the regulation that will implement this new regime in detail is expected.

It is also foreseen the extraordinary concession of tax incentives for investment projects whose investment corresponds to USD 50 million and that create at least between 500 and 200 jobs for Angolan citizens in Zones A and B, respectively.

7.4.2 Special Economic Zones

At this time the Luanda-Bengo Special Economic Zone (SEZ) is operational. It was created in 2009 to encourage Angolan entrepreneurship and competitiveness. The Luanda-Bengo SEZ is a physically demarcated economic space endowed with adequate physical, economic and administrative infrastructures, and it has a special tax status.

The SEZ comprises three development pillars (trade and services, manufacturing, and the agro-livestock industry) and in it there are several special economic areas, most of them created in 2011.

Public collective bodies, commercial companies and consortia may submit proposals for implementation of industrial units in the Luanda-Bengo SEZ, regardless of their domicile. If the promoter is foreign, the presentation of the investment project is referred to ANIP and the provisions of the Private Investment Act apply.

For the purposes of SEZ legislation, industrial units are physical structures set up in the Luanda-Bengo SEZ to pursue industrial and commercial activities involving trade and services, manufacturing and agro-livestock. Implementation of these industrial units is subject to the conclusion of an operating agreement between the investor and the SEZ management entity. In this agreement tax and customs incentives granted to the proposal in question are negotiated and fixed.

For approval of the business proposal and consequent acquisition of the right of access to the SEZ, fees are payable in the amount of 1% of the value of the proposal in question. If

the proposal is approved, the promoter of the investment is also required to pay a monthly fee in return for the use of the infrastructure and services available in the SEZ.

The tax and customs incentives for the installation of industrial facilities in the SEZ are those provided for in the mechanism to encourage Angolan business and shall be set out in the investment agreement.

7.4.3 Fostering Angolan business

To promote national free enterprise and alleviate inequalities between the Angolan business fabric and foreign competition, there is a system of tax incentives for private investment in Angola directed at encouraging the creation of companies resident in Angola, in which at least 51 % of the share capital is held by entities resident in the country.

Under this scheme, the tax incentives provided for are exemption or reduction of *(i)* Business Income Tax or other taxes levied on income from the activities or on concession rights, *(ii)* Customs Duties, and *(iii)* taxes or levies on the granting or enjoyment of general and special mining rights and land rights.

Also available are other tax benefits applicable to the mining, petroleum and industrial sectors, services and other economic activities, if applicable to the economic activity in question and if so negotiated in the investment agreement.

7.4.4 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 mechanism.

Apart from a mechanism of simplification of administrative procedures and formalities, these companies may benefit from tax incentives. Reductions of Business Income Tax rates are provided for and vary according to the location of the company. Thus, firms located in Zone A (provinces of Cabinda, Zaire, Uige, Bengo, Kwanza Norte, Malanje, Cuando Cubango, Cunene and Namibe) benefit from reductions during the first five years; companies located in Zone B (provinces Kwanza-Sul, Huambo and Bie) benefit from reductions during the first three years, and businesses located in Zone C (province of Benguela, except the cities of Lobito and Benguela, province of Huila, except the city of Lubango) and in Zone D (province of Luanda and the municipalities of Benguela, Lobito and Lubango) benefit from reductions in the first two years.

These reductions are granted as follows: micro-enterprises, regardless of their location, are subject to a special tax on account levied at the rate of 2% on gross sales; this tax is calculated monthly and delivered by the 10th day of the following month. Small and medium enterprises benefit from reductions depending on their location: *(i)* 50% reduction for those located in Zone A; *(ii)* 35% reduction for those located in Zone B, *(iii)* 20% reduction for those located in Zone C; and *(iv)* 10% reduction for those located in Zone D.

7.4.5 Patronage Act ("*Lei do Mecenato*")

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

The results obtained by non-profit entities of recognised public utility derived from cultural, sporting, social solidarity, environmental, youth, health, scientific or technological activities are exempt from all taxes.

7.5 Special tax legislation

7.5.1 Collective investment schemes' taxation

The collective investment schemes/undertakings for collective investment ("*organismos de investimento coletivo*"/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 OICs taxation (that is, the entity performing the undertakings for collective investment) and the general absence of the participant's taxation.

OICs are subject to Business Income Tax and exempt from any other income tax, namely Investment Income Tax or Urban Real Estate Income Tax.

Hence, all OICs' profits obtained in Angola and sourced abroad are subject to Business Income Tax and the tax loss carrying forward period is three years.

OICs are subject to Business Income Tax at reduced tax rates: 7.5% applicable to undertakings for collective investment investing in securities and on the other hand 15% applicable to undertakings for collective investment investing in immovable properties.

Several tax exemptions are applicable to OICs such as: *(i)* Stamp Duty on capital increases; *(ii)* Stamp Duty on the management fees due to Management Entities and on the fees due to depository institutions holding securities; and *(iii)* Consumption Tax due on the management fees due to Management Entities.

Regarding undertakings for collective investment investing in immovable properties and with public subscription, some tax exemptions are also applicable, namely: *(i)* Real Estate Transfer Tax on the acquisition of immovable properties; *(ii)* Stamp Duty on the acquisition of immovable properties; and *(iii)* Urban Real Estate Income Tax on the holding of not rented immovable properties.

OIC participants are exempt from Investment Income Tax and Business Income Tax which includes income derived from OIC withdrawals and capital gains due in the selling of the OICs' participation units.

7.5.2 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 geological activity.

Investment in prospecting, studying, evaluating, and the mining industry 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 liquidation of tax charges are 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 (royalty); *(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, so as 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 specifics of the tax system of 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 exercise of mining activities (also known as the Artisanal Levy) are exempt from this tax.

In determining taxable income, the following are deductible as a cost: *(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 (royalty); and *(viii)* Contribution to the Environmental Fund. Special rates of depreciation of assets are provided for.

Entities not resident in Angola that carry out mining activities may deduct as costs income tax levied on this activity provided they prove they have been paid in the country of their residence.

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

Where the mining activity in question is of relevant interest to the Angolan economy, these incentives may be investment premiums ("uplift") or grace periods in the payment of taxes.

During 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 the polishing of minerals quarried in Angola.

Mineral Resources Value Tax (royalty)

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 royalty, 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 royalty is levied on the value of lots acquired for sale; in the case of artisanal mining of other natural resources, the royalty is levied on the value of the minerals.

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

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

This charge varies in the light of the life of the licence, the type of mineral licensed and the number of square kilometres (between US 2/km^2 and USD 40/km^2).

Artisanal or Non-Industrial Levy ("*Taxa Artesanal*")
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. 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 prospecting, search reconnaissance, operating and processing operations of mineral resources 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, provided that they are exported by the holder of the mining rights, is not subject to Customs Duties. The export of unprocessed mineral resources is subject to the Customs Fee of 5%.

7.5.3 Taxation of petroleum activities

Taxation of petroleum activities is subject to a special mechanism affecting 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, whose fundamental characteristics involve important regulatory aspects of the oil industry tax enacted by specific legislation (Act 13/04 of December 24, or Taxation of Petroleum Activities Act/"*Lei sobre a Tributação das Actividades Petrolíferas*") and certain economic factors of 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 resident or non-resident, provided they are engaged in research, development, production, storage, sale, export, processing and transportation of crude oil and natural gas, as well as naphtha, ozokerite, sulphur, 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).

A licensing fee for prospecting is due in the sum of USD 10,000.

A fee is also payable for construction and operation of pipelines that can vary between USD 10,000 and USD 30,000, depending on the distance covered by the oil or gas pipeline.

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 extensible to other development areas. That is, the tax unit is the concession or development area. Thus, all domestic or foreign entities engaged in petroleum operations in Angola, as well as other territorial or international areas under the jurisdiction of Angola, are subject to this special tax mechanism, and the determination of the taxable income is entirely separate for each oil concession.

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

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. Complementary substances are valued at the actual selling price (with rare exceptions).

The Angola LNG Project/"*Projecto Angola LNG*" has been regulated in more detail establishing a special taxation scheme.

Main exemptions and deductions

Transfers of interests held by entities covered by this special sectoral taxation mechanism are exempt from all taxes or charges of a fiscal nature that may be directly related to their transfer, except for the profit that may arise 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 resulting from sales made at the end of each month, earned in the pursuit of exploration, development, production, storage, sale, export, processing and transportation of oil, in the pursuit of wholesale trade of products resulting from these activities and also in activities incidental or ancillary to those activities.

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

Taxable income shall be applied to the profit at the end of each year, calculated independently for each of the oil concessions. 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 of 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.

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 authorised 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 made regarding the assignment of interests in contracts entered into with the National Concessionaire are included for purposes of taxation with the remaining 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 the 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 others of the Customs and the Ministry of Petroleum 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 the 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 shall 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 the 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 metres;
- oil exploration in hard-to-access onshore areas previously defined by the Government (this rate reduction is in the hands of the Government based on a reasoned request by the National Concessionaire).

This tax does not apply to entities associated by means of 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 by means of production-sharing agreements.

Under 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, as well as interest and other borrowing costs.

The tax rate is 70%.

Surface Charge

The Surface Charge is levied on the area of the concession or on the development areas (if any). This charge is charged at a fixed rate of USD 300 per square kilometre licensed for oil activity.

Contribution to Angolan Staff Training (Training Levy)

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

The contribution may entail USD 200,000 per year, USD 0.15 per barrel or 0.5% of annual gross income, depending on whether an exploration company, production company or subcontractor is involved.

8. Real Estate Investment

8.1 Restrictions on private ownership

The Angolan Constitution recognises private ownership alongside public and community ownership. However, it determines that ownership of land originally belongs to the State and that it may, if it so considers appropriate to the public interest, transfer it to private individuals. Excluded from transfer is land belonging to the public domain of the State that is not capable of individual appropriation. Consequently, only the land 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 acts: Act 9/04 of November 9 (Land Act/"*Lei de Terras*") and Decree 58/07 of July 13 (General Concession of Land Regulations/"*Regulamento Geral de Concessão de Terrenos*").

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

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

In practice, no contracts have been concluded transferring right of ownership between individuals and the State under the Land Act. Records relating to such contracts are scarce or non-existent.

Contracts involving the purchase and sale of urban properties concluded between the State and individuals have adhered to the rules laid down in Act 12/01 of September 14 (which partially repealed Act 19/91 of May 25) concerning sales of the State's residential property.

Legal transactions related to land entered into more frequently are *(i)* the special concession contract for the formation of leasehold rights, *(ii)* the special rental contract granting the right to temporary occupation, and *(iii)* the legal transaction related customary *dominium utile*.

8.2 Land rights

Land rights are rights that relate to assignable land forming part of the private domain of the State, ownership of 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.

The allocation of land rights over land depends on a specific procedure, the granting process, which is organised and drawn up at the *Instituto Geográfico* e *Cadastral de Angola* services, and later referred to the granting authority for decision.

With the exception of some cases that have to be referred to the Council of Ministers, the government of each province is charged with issuing a decision as to the transfer of land rights in respect of land forming part of its territorial area.

Holders of land rights must have due regard for the economic and social purpose that led to the grant of the said right, and shall 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 set 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. Persons or entities wishing to have a land right transferred in their favour must produce evidence of their ability to ensure effective, worthwhile use of the land applied for.

Should the holder of the land right not exercise it or fail to have regard for these indices for three consecutive years or six years interpolated, the right is extinguished.

The land rights may be transferred, for a consideration or gratuitously by the holder. Also allowed is the replacement of the applicant in the process of granting land rights. It should also be noted that both the transfer and the replacement require prior authorisation of the grantor as well as fulfilment of all the requirements of the contract previously entered into between the applicant and the State.

As a rule, land rights are transferred or constituted for a consideration by means of the following legal transactions: *(i)* purchase and sale contract; *(ii)* forced acquisition of

dominium directum by the tenant; *(iii)* tenure contract for constitution of civil *dominium utile*; *(iv)* special concession contract for the constitution of leasehold rights; and *(v)* special rental contract for the grant of the right to temporary occupation.

These legal transactions are regulated by the Land Act, the Angolan Civil Code, the Land Registry Code and complementary legislation. Local authorities can also regulate, by by-law, the content of legal transactions relating to land forming part of their private domain.

8.2.1 Purchase and sale contract

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

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

However, despite the legal provision, the Angolan State has not concluded any contracts for the purchase and sale of land with private individuals. At present, only urban properties for residential purposes have been sold to individuals based on the law applicable to the sale of the State's residential property (Act 12/01 of September 14).

8.2.2 Forced acquisition of direct ownership by the leaseholder

The transfer of a land right may also be made by the forced acquisition of direct ownership (*dominium directum*) by the leaseholder. Such co-active transfer involves agreement of the parties or judicial sale through exercise of the leaseholder's potestative right, by decision of the court.

8.2.3 Tenure agreement for the establishment of civil *dominium utile*

Civil *dominium utile* of land may be granted by tenure agreement. Its legislation is set out in the Land Act and related regulations, and the precepts of the Angolan Civil Code concerning tenure apply to it. This land right may be constituted on rural or urban land, and, whenever possible, is granted by means of public auction.

Through the tenure agreement, the concessionaire is allowed to use and enjoy the land as if it were the owner thereof, upon payment of the price of the civil *dominium utile*, which is paid in cash as a lump sum prior to the signature of the concession document, in addition to any annual rent.

8.2.4 Special concession contract for the formation of leasehold rights

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

The leasehold right may be constituted in favour of domestic or foreign natural persons or of corporate persons headquartered in Angola or abroad on urban and rural land forming part of the private domain of the State or local authorities.

The leasehold right is constituted, in most cases, by contract between the individual and the State, and can also result from the sale of existing works or of trees separately from ownership of the land.

This right is initially and provisionally constituted for a period determined in accordance with the specifics of the grant in question (as a rule, up to a maximum of five years), becoming permanent if, during the period fixed, the indices of worthwhile and effective use previously established are met and the land is definitely demarcated. The land right cannot be constituted for a period exceeding 60 years, but is renewable for successive periods if neither party objects to such renewal.

By way of consideration, the leaseholder is required to pay an annual instalment for the concession, which is contractually established. It may alternatively choose to pay the consideration in a single instalment, resulting from multiplying the amount of the annual instalment by the number of years for which the contract is concluded.

8.2.5 Tenancy agreement for the granting of the right of temporary occupancy

The right of temporary occupation may be granted, under a tenancy agreement, for rural and urban land forming part of the private domain of the State or local authorities, and for land forming part of the public domain the nature of which so allows, whenever possible by public auction.

The life of the tenancy agreement is fixed in the agreement, but never for a period exceeding one year, and it may be renewed successively for the same term. This agreement may be terminated by either party upon notice made under the law.

Sublease is permitted only in exceptional situations, namely *(i)* in cases of recognised interest in expediting the exploitation of the land granted and *(ii)* in favour of credit institutions that, to promote and accelerate the use of the land granted, shall have made medium- or long-term loans to the concessionaires if the latter fail to fulfil obligations towards the lender.

The rent is annual and may be paid in a lump sum or in twelve monthly instalments.

Substitution of the applicant in the process of constitution of the right of temporary occupancy by tenancy agreement is prohibited. Nor is the transfer of this right permitted, although the occupant may waive the right to temporary occupancy in favour of third

parties (such acceptance is appraised on a discretionary basis and the situation of the new holder considered to be that of the original owner for all intents and purposes).

Lastly, it should be noted that this type of grant can be terminated by the granting authority in any of the following cases: *(i)* failure to pay the rent by the contractual or legal deadlines, *(ii)* unauthorised alteration of the purpose of the grant or use of the land, or *(iii)* breach of other obligations for which such sanction has been established in the agreement.

8.3 Concession contracts

The common concession process comprises several phases:

- submission of an application by the party concerned;
- information and opinions of the services and other entities that have to be consulted regarding the application;
- provisional demarcation of the 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
- inscription of the right in the name of the concessionaire in the Land Registry.

Specific rules apply to the 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 authorisation of the authority responsible for the approval of the concession. As for the transfer, once the authorisation has been granted, it must be made within 90 days of notification of the order.

Regarding the forms of termination of the concession of land, the law provides that they expire:

- at the end of the term;
- when the land is used for purposes other than that authorised;

- 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 interpolated 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 for public utility; and

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

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

- the use of the land shall not have started within six months after the grant or by the established deadline;

- its use has been discontinued during three consecutive or six interpolated 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 authorisation of the grantor or, in those cases, where it is prohibited.

In the case of 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

The urban rental agreement is a contract whereby one party undertakes to provide to the other temporary enjoyment of an urban plot, for a consideration (the rent). This agreement is governed by Decree 43525 of March 7, 1961 (Tenancy Act/"*Lei do Inquilinato*"), and the provisions of the Angolan Civil Code.

Urban rental may be for residential purposes, or where there is stipulation to the effect, for trade, industry, liberal professions or any other lawful purposes. This agreement must made be in writing, except where its conclusion by public deed is imposed by law, that is: *(i)* rentals subject to registration (leases signed for more than six years), *(ii)* leases for commerce, industry or the exercise of a liberal profession, and *(iii)* leases taken by

any corporations, foundations, associations or legally-organised associations of public or private utility.

With regard to payment of the rent, payment in advance for more than one month may not be stipulated and only a personal guaranty ("*fiança*") is accepted as collateral.

The rental agreement cannot be concluded for more than 30 years. Should the parties not have agreed on the duration of the agreement or if it has not been reduced to writing, it shall be considered as having been concluded for six months, except in relation to residential rentals for short periods at beaches, spas or other holiday locations and to houses inhabited by the landlord and rented during his absence up to a maximum of one year.

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 renovation 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 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 the rental at the end of the term or extension thereof if he needs the property for his own personal use, either for residential purposes or to set up therein an economic activity actually performed by him on an exclusively professional basis and in his own name, provided that, in every case, certain requirements are met and the tenant is indemnified under the terms of the law.

Termination of the rental agreement may also occur by revocation, rescission or expiry.

Revocation is termination of the contract by agreement of the parties (as a rule, this agreement must be in the same form as the rental agreement). However, if the agreement is not subject to registration, the revocation is valid, regardless of form, provided that the tenant return the use of the property to the landlord and the latter accepts it. In case of doubt, the agreement shall be presumed revoked if, during its life, the property is returned and accepted, as stated.

Rescission is a form of unilateral termination to which either party may have recourse in the event of contractual breach by the other party. Rescission by the landlord should be declared judicially by means of an eviction action, which may have, *inter alia*, the following grounds: *(i)* non-payment of rent, *(ii)* use of the property for other than the intended purpose, or *(iii)* closure for more than an entire year of a property rented for trade or industry, unless the closure occurs as a result of *force majeure* or forced absence of tenant.

Rescission by the tenant may take place, regardless of the responsibility of the landlord, when for some reason unknown to his own person or to his relatives, the tenant is deprived of enjoyment of the property, even if temporarily, or if the property has a defect that puts in serious danger his health or that of his relatives or subordinates.

Lastly, expiry is a form of termination which occurs automatically where certain legal requirements are met. Thus, the rental agreement shall lapse:

- when the right or legal powers of administration under which it was concluded ceases;
- on the decease of the tenant (other than in connection with rentals for trade or industry) or by its extinction, if a corporate person;
- in the event of loss of the property, its demolition by order of the local authority or expropriation for public utility (unless, in the latter case, the purpose of the expropriation allows the rental to subsist);
- if the property is subject, by administrative or police imposition, to consolidation works incompatible with the continuation of the tenant in the premises.

Although the agreement may end under the terms set out above, the Tenancy Act provides for the possibility of its renewal, which will occur if, once the agreement is revoked, rescinded or expires, the tenant or his successor continues to enjoy the property during a period of one year without opposition of the other party, in which case the rental shall be considered in force once again, as if it had not ended.

In the event of transfer of ownership by negotiation or judicial decision, the rights and obligations resulting from the rental agreement are transferred to the acquirer. With regard to rental for trade or industry, its transfer under a transfer of business as an ongoing concern ("*trespasse*"), which must be done by public deed, does not imply authorisation by the landlord to the effect. However, the landlord has the right of option or preference.

Subletting is allowed when authorised by law, by the agreement or where there is subsequent consent of the landlord, provided it is given in writing.

8.5 Land registry

Land registry is intended to give publicity to the ownership of rights over immovable property. The principal effects of registration are the presumption that the registered right exists and belongs to the person in whose name it is registered (and thus enforceable against third parties), as well as the principle of priority (that is, the record entered in the first place takes precedence over those that follow in respect of the same good, even

if the record is initially a provisional one, insofar as it has since been converted into a definitive one).

Thus, subject to registration are, among others, legal facts that imply recognition, acquisition, division, establishment, modification and encumbrance of rights regarding immovable property.

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

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 is bound to undertake the registration, *(iii)* an attorney with sufficient powers for the act, or *(iv)* a lawyer or solicitor, in respect of whom their powers of representation are presumed.

8.6 Tourism

Angolan law considers hotel establishments to be establishments that provide lodging for a consideration, with or without provision of meals and other ancillary or support services, classifying them as follows: *(i)* hotels; *(ii)* "*pensões*" (boarding houses); *(iii)* "*pousadas*" (lodges); *(iv)* "*estalagens*" (inns); *(v)* motels; *(vi)* aparthotels; *(vii)* tourist villages; and *(viii)* hostels or guest houses. The following are also classified as complementary means of tourist accommodation: *(i)* tourist apartments; *(ii)* bed & breakfast houses; *(iii)* rural or agro tourism lodging; and *(iv)* campsites. There are also resorts that are the nuclei of contiguous and functionally independent facilities, intended, for consideration, for sports or other forms of entertainment and provide tourists with any form of lodging, even though not a hotel, and provided with adequate complementary sports or leisure facilities and restaurant services.

Pursuant to Act 6/97 of August 15, the construction and setting-up processes are organised by the Ministry of Hotels and Tourism (if the hotel establishment is of interest for tourism), or by the respective Provincial Governments. After submission of the application for the construction of the enterprise to one of these entities, the latter informs the interested party of the decision regarding the location, preliminary design and working plans in keeping with the terms and conditions by the deadlines determined by law. However, approval of these processes always requires an opinion issued by the agency responsible for spatial planning, for areas not urbanised and not classified as of interest to tourism. This opinion is issued within 60 days of the date of reception of the process. It should be noted that the Ministry of Hotels and Tourism always proposes that a special commission be set up to try to overcome any

negative opinions regarding the entities that have to be consulted. If this special commission is set up, its decisions are binding and may provide constraints regarding the enterprise. If the Ministry of Hotels and Tourism approves the plans, a deadline is set for the commencement of construction, whose approval shall lapse if the deadline is not respected.

After completion of the construction of the tourist enterprise, it must be classified and its operation has to be established. The establishments listed above cannot come into operation without prior authorisation, which depends on an inspection by the following entities:

- Ministry of Hotels and Tourism, in the case of enterprises of interest to tourism;
- Provincial Governments, in the case of enterprises of no interest to tourism;
- Ministry of Culture, regarding establishments subject to its licensing;
- local health and fire-fighting bodies, with regard to health and fire-safety licensing.

The inspection carried out by the Ministry of Hotels and Tourism and Provincial Governments aims to verify that the tourist enterprise complies with the approved plans and to assign it a provisional classification for a period of one year (after this period, it becomes final). Once the fees due to the proper entities have been paid, a permit is issued authorising the tourist enterprise to open. With regard to the management of each tourist enterprise, it must be performed by a single entity, responsible in the first place for its management. It should be noted, however, that the fact that the hotel establishment is under the management of a single entity, it may be owned by a number of persons. The owner of the tourist enterprise also has the following obligations:

- not to alter substantially its external structure or its aesthetic aspect, so as not to affect the unity of the enterprise;
- not to use the enterprise for a purpose other than its intended purpose;
- not to use the enterprise for illicit, immoral or dishonest practices;
- not to exceed the planned capacity of the enterprise;
- to ensure its maintenance;
- not to perform any acts or carry out works likely to affect the continuity and urban unity of the enterprise or hinder the respective accesses.

9. Capital Market

The Securities Code ("*Código de Valores Mobiliários*"), enacted by Act 22/15 of August 31, sets forth the Legal Framework applicable to the Capital Market and Derivative Instruments ("*Regime Jurídico do Mercado de Valores Mobiliários e Instrumentos Derivados*") and the rules applicable to the supervision and regulation of securities, issuers, public takeover bids, regulated markets and correspondent infrastructures, prospectuses, services and investment activities in securities and derivatives, and the applicable sanctioning regime. The Securities Code is applicable to events, activities and acts which bear a relevant connection to Angola, including, namely, *(i)* orders addressed to members of the regulated markets registered with the Supervisory Body of the Securities Market (the Capital Market Commission or "*Comissão do Mercado de Capitais*"/CMC) and transactions performed in those markets, *(ii)* activities and acts performed in Angola, and *(iii)* the disclosure of information available in Angola concerning events, activities or other acts regulated by the Angolan law.

The transparency of the capital markets is a structural principle of the Securities Code implemented through the introduction of mechanisms such as the disclosure of and free access to registered information and the disclosure of information to the public such as decisions which are a matter of public interest, relevant shareholdings, accounting documents and prospectuses.

The Securities Code references the stock market and the organized over-the-counter market. The Securities Code also regulates the following market infrastructures: *(i)* the central counterparty which in a regulated market takes the position of counterparty, buyer or seller, ensures the physical settlement of all transactions therein conducted, and compensates the contractual obligations that may be compensated, and *(ii)* the settlement systems in charge of the execution of transfer orders.

The Securities Code also sets out the legal framework applicable to issuers of securities namely *(i)* public companies and *(ii)* State-owned companies.

Regarding public takeover bids, the law makes a distinction between public takeover bids for distribution, which comprise the selling takeover bids and the subscription takeover bids, and public takeover bids for acquisition, among which we may identify public takeover bids for mandatory acquisition and public takeover bids for acquisitions leading to full control.

In what concerns types of securities, the Securities Code sets forth book-entry securities or certified securities, depending on whether they are represented by registries in account or by paper documents, respectively, and may also be qualified as registered securities or bearer securities, depending on whether the issuer can or cannot know, at any time, the identity of the owners. It is also noteworthy that according to the Securities Code, the issuing of securities that have not been detached from other securities is subject to registry with the issuer.

The Securities Code also establishes the regulation on market intermediation agents and intermediation contracts, namely regarding its minimum content.

It should also be pointed out that the Securities Code provides the applicable sanctioning regime and defines criminal offenses and infringements. Breach of trust and market manipulation are deemed as crimes against the securities and derivatives market. The Securities Code also enshrines the criminal offense of disobedience, which is punishable with the penalty imposed to the criminal offense of qualified disobedience under the criminal law.

Moreover, the Securities Code establishes several types of infringements, which may be qualified as "very serious", to which are applicable fines that may vary between 1,850,001 UCFs and 3,700,000 UCFs (for example the "transfer of locked securities"), as "serious", to which are applicable fines that may vary between 370,001 UCFs and 1,850,000 UCFs (for example the "breach, by intermediation agents, of the obligation to register clients"), and as "less serious", to which are applicable fines that may vary between 4,000 UCFs and 370,000 UCFs (for example, to the issuers, "omitting a reference to the quality of public company in external acts"). Ancillary penalties may also be applicable to the perpetrators of such infringements. The processing of infringements, application of fines and ancillary penalties are CMC's prerogative, whose decisions may be subject to administrative and judicial appeal.

Lastly, the Securities Code also governs the prospectuses which may be public offer prospectuses or admission prospectuses and must contain complete, truthful, clear, objective and licit information allowing its addressees to correctly asses the securities and associate rights.

The capital market has been the object of abundant legislative intervention, having recently been regulated in several areas previously lacking legislative intervention.

Presidential Legislative Decree 6/13 of October 10 establishes the Legal Framework applicable to the Regulated Markets' Management Companies ("*Regime Jurídico das Sociedades Gestoras de Mercados Regulamentados (SGMR) e de Serviços Financeiros sobre Valores Mobiliários*"). Said decree establishes that the regulated markets shall be managed by a management company, which is competent for the admission of the market members and the financial instruments admitted to trading.

The management companies of the clearing house or the ones acting as central counterparty, the management companies of settlement system, and the managing companies of centralised securities system are considered management companies of financial services related to securities. The SGMR must be incorporated as a public limited company and may not be constituted or transformed into single-shareholder companies, unless its capital is held entirely by the state.

The taking of interest of a foreign company in the share capital of an SGMR is subject to previous approval from the CMC. The incorporation of an SGMR is subject to previous approval from the Ministry of Finance, following consultation with the CMC, even when the incorporation is carried out through the modification of the object of an existing company, or through merger or division split. Additionally, the registration of an SGMR with the CMC is a requirement to the prior to the commencement of their activity.

The CMC Regulation 3/14 of October 30 supplements said Presidential Legislative Decree 6/13 of October 10. The referred regulation establishes the minimum share capital for stock management companies (AOA 150 million, approximately USD 1,103,100), for management companies of the organized over-the-counter market and for the special market of public debt (AOA 75 million, approximately USD 551,600), for management entities responsible for managing the centralised securities systems (AOA 150 million), for management entities responsible for managing clearing houses and securities settlement systems (AOA 25 million, approximately USD 183 900), and, finally, at last the management entities acting as central counterparties (AOA 150 million). In case these entities are engaged in more than one of these activities their minimum share capital cannot be lower than the sum of the minimum share capital demanded for each activity, up to the maximum of AOA 300 million (approximately USD 2,206,300). Additionally, own funds, accounting plans, financial reporting, qualifying holdings, corporate governance and registry with the CMC are also regulated.

Nowadays the Bolsa de Dívida e Valores de Angola – Sociedade Gestora de Mercados Regulamentados (BODIVA, SGMR, S.A.), a limited company of exclusively public capital, incorporated under the Presidential Decree 97/14 of May 7, is authorized to act as an SGMR.

Mention must be made regarding the Presidential Legislative Decree 5/13 of October 9, which approves the Legal Framework applicable to Brokers and Distributors of Securities ("*Regime Jurídico das Sociedades Corretoras e Distribuidoras de Valores Mobiliários*"). These financial and non-banking entities shall be incorporated under the legal form of limited companies, and attend to the purpose of intermediating securities in the capital market. In particular, the securities brokers (SB) may lawfully carry out the following competences:

- reception of transmission of orders on behalf of another;
- execution of orders on behalf of another, in regulated or non-regulated markets;
- management services of discretionary portfolios and collective investment undertakings;
- consulting of investments, including the preparation of studies, financial analysis and other generic recommendations;
- registry, depository and trust services;
- placement without warranties in public offering; and
- exchange services essential to carry out the services mentioned in the preceding subparagraphs.

Except for the activity of management services of discretionary portfolios and collective investment undertakings and for the activity of consulting of investments, including the preparation of studies, financial analysis and other generic recommendations, the activities above mentioned also cover competences of the Securities Distributors Companies (SDC), which are also responsible for:

- trading for own portfolio;
- assistance in public offers and consulting regarding the capital structure, the industrial strategy, likewise on the subject of companies' merging and acquisition;
- underwriting and guaranteed placement in public offerings; and
- granting credit, including lending securities, for performance of transactions in which the credit grantor intervenes.

The incorporation and all the alterations made to the SBs and SDCs' memorandum of association (including the transformation, merger, division and dissolution) are subject to previous approval from the CMC. Note that the approval from the CMC is also needed to install or shut down any SB or SDC branches, and to perform acquisitions, conveyances or any further transactions, which, individually or jointly, represent the obtaining or extinction of *(i)* a qualified holding of SBs' or SDCs' share capital (as defined in the Securities Act) or *(ii)* shareholding held, or to be held, by a non-resident entity.

Before beginning their activity, SB and SDC must obtain their registry with the CMC.

The CMC Regulation 1/15 of May 15 governs the authorization and registry procedure of intermediation agent, their duties, their organization and supervision as well as the rules for the performance of such activity by correspondents. The activity of intermediation agents depends on the previous authorization for incorporation and registry before CMC.

The Legal Framework applicable to the Collective Investment Undertakings ("*Organismos de Investimento Coletivo*"/OICs), enacted by Presidential Legislative Decree 7/13 of October 11, defines the OICs as institutions of collective investment which incorporate contributions collected from the public towards the collective investment under the principle of risk-spreading and the one of pursuit of a participant's exclusive interest. The OICs are designed as investment funds or as investment companies, open-ended or close-end, as the units are in variable of fixed number. The investment funds and the investment companies may be of securities or estate, as their subject is manly on securities or estate assets.

The supervision of OICs is within the competence of CMC, which is also responsible for approving the incorporation of those entities. The regulation on the decree's subjects is also within the competence of CMC.

The CMC Regulation 4/14 of October 30 establishes the technical rules required for the functioning of the OICs. At last, it shall be mentioned that the Tax Framework applicable to Collective Investment Undertakings, approved by the Presidential Decree 1/14 of October 13, is also applicable to OICs.

It is also worth mentioning that Acts 19/15 and 20/15 of August 21 were recently published, which grant authorization to the President of the Republic, as head of the Executive Power to approve legislation on Venture Capital OICs' and on Asset Securitization in OICs' Legal Framework, respectively and therefore relevant amendments are expected.

It is also noteworthy that Legislative Presidential Decree 4/13 of October 9 which governed the Regulated Market of Securitized Public Debt was revoked by the Securities Code. The regulated markets which fall under the CMC's competency scope are defined and governed by CMC Regulation 2/14 of October 30, which must now be construed regarding the new legal framework set by the Securities Code. This regulation establishes that the incorporation and extinguishing of regulated markets depends on previous registry with the CMC, and foresees the legal framework applicable to the transactions, communications and supervision, authorization and registry, admission of the securities' issuers to trading, derivative instruments, foresting and steadiness operations for the buyback programmes and the members of the regulated market.

Finally note that CMC was admitted as an associated member of the International Organization of Securities Commissions (IOSCO).

10. Public Procurement

10.1 Public Procurement Act

Public procurement is governed by Act 20/10 of September 7 (Public Procurement Act/"*Lei da Contratação Pública*", amended by Act 3/13 of April 17), and applies to the following entities ("contracting public entities"):

- Presidency of the Republic;
- State central and local government authorities;
- National Assembly;
- the courts;
- Attorney General of the Republic;
- local authorities;
- public institutes;
- public funds;
- public associations;
- State-owned enterprises entirely funded by the General State Budget (under terms yet to be regulated).

Only the following types of contracts are covered by public procurement legislation: *(i)* public works contracts, *(ii)* leasing and acquisition of movable and immovable property, *(iii)* acquisition of services as well as, mutatis mutandis, *(iv)* concession of public works and *(v)* concession of public services.

The Public Procurement Act covers four types of procedure for the formation of the foregoing contracts, as follows:

- *public tender* – a procedure that begins with the publication of a notice in the "*Diário da República*" (Official Gazette), a widely read national newspaper, in which all entities that meet the requirements of the notice or tender programme may bid; where the tender is open to foreign entities, the notice shall also be disclosed through means that demonstrably provide the information to the international markets;

- *limited call for tenders by prior qualification* – a procedure that begins with the publication of the notices referred to above in which all entities that meet the requirements in the notice or the tender programme may apply. The procedure includes two phases: analysis of the technical and financial capabilities of the entities that presented an application and selection of those that move on to the second phase; and the submission of bids by the entities selected in the previous phase;

- *limited call for tenders without presentation of applications* – a procedure in which the public contracting authority invites those entities that it considers most suitable and specialised to submit bids, though no less than three entities may be invited;

- *procedure by negotiation* – a procedure that consists of inviting interested parties in general, or a limited number, to submit their applications or offers which, having been analysed and valued, are subject to discussion and negotiation, the successful tender being chosen in the light not only of the initial bid but also of the corrections resulting from the negotiation.

The choice of one of these procedures is determined by the estimated value of the contract.

Besides the quantitative criterion depending on the estimated value of the contract, the negotiation procedure may also be used for contracts of any value in the light of other criteria prescribed by law, including situations of extreme urgency, protection of exclusive rights and copyright, goods listed on commodities markets, among others.

The Public Procurement Act contains several measures for the "promotion of Angolan business", introducing differentiated treatment for domestic and foreign entities. Thus:

- participation of foreign entities in contract-formation is limited as follows:

  – they may take part in procedures where the estimated value of the contract to be awarded is equal to or greater than AOA 500 million (approximately USD 3,677,000) in the case of construction works, or AOA 73 million (approximately USD 536,900) in the case of acquisition of goods and services;

  – in procedures for the formation of contracts whose estimated value is less than the above figures or procedures determined in accordance with material criteria, foreign entities may only bid *(i)* where, in the Angolan market, there are no national entities

that meet the requirements imposed by the nature of the contract to be concluded, or *(ii)* where, for reasons of convenience, the contracting public entity so decides;

- in the evaluation of bids, preference criteria may be established as to goods produced, mined or grown in Angola, or as to the services provided by bidders of Angolan nationality or domiciled in Angola, as well as a margin of preference (of a maximum 10%) for the price offered by Angolans bidders.

Entities that in the past have not adequately complied with contracts with public entities are prevented from bidding, and to this end, the contracting public entities must keep a record of the entities with which they have contracted in order to prevent relapse in hiring contracting companies that fail to comply.

Along with the presentation of their bids, bidders may be required by the contracting public entities to post a provisional bond of a maximum of 5% of the estimated value of the contract to guarantee that the bids presented are maintained. On the other hand, to ensure proper execution of the contract, the awarded bidder must provide a performance bond that may be as much as 20% of the total value of the contract.

The Public Procurement Act also contains rules on the materiality of public works contracts, governing, *inter alia*, the execution and release of performance bonds, payments, the handing-over and settlement of the work, the amendment and termination of the contract, and the subcontractor mechanism, among other matters.

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 13/10 of July 9), 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 are subject to preventive supervision of the Court of Auditors, which grants or refuses prior approval. The General Budget Act establishes annually, in the light of the contracting public entity, the values of contracts subject to preventive supervision by the Court of Auditors.

Contracts must be submitted to the Court 60 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. Spatial Planning and Urban Design

Apart from compliance to Land Act ("*Lei de Terras*", Act 9/04 of November 9), the occupation and use of the territory in Angola are subject to the guidelines and rules set out in the spatial plans. The fundamental legislation in this area, which establishes the system of spatial planning and urbanism, is Act 3/04 of June 25. This Act is regulated by the General Regulations on Urban and Rural Spatial Planning ("*Regulamento Geral dos Planos Territoriais, Urbanísticos e Rurais*"), enacted by Decree 2/06 of January 23.

In turn, Decree 80/06 of October 30 enacted the Regulation on Licensing Allotment, Urbanisation Works and Construction Works ("*Regulamento de Licenciamento das Operações de Loteamento, Obras de Urbanização e Obras de Construção*"), establishing the legal regime regarding the licensing of urbanisation operations on land located within urban perimeters at the initiative of and undertaken by private parties.

It should be noted that the urbanisation of land is regarded as a spatial planning operation and, as such, constitutes a public function of the State, which bears the respective expenses. Nevertheless, the law admits that urbanisation works can be performed by private entities where so stipulated in the applicable spatial planning, in keeping with the respective systems of execution, as in the case of the urbanisation-concession and urbanisation-arrangement system. In these cases, the urbanisation of land is subject to licensing, and a separate licence may be issued or it may be contained implicitly or explicitly in the concession contract or urbanisation arrangement.

With regard to private-initiative allotment and construction operations, the regulation in question establishes the principle of licensing, which means that such operations are subject to a licence. Equally important is the principle of successive treatment, which means that to license a given urbanisation operation the operations that have to precede it must also be licensed (previously or simultaneously). The law stipulates that the allotment operations must precede the urbanisation operations and these must precede the construction of buildings.

With regard to the procedure, the licensing of urban operations is applied for from the Governor of the Province in whose territory the land or property in question is located. The application must contain the elements defined by the regulations of the Provincial Governments in the light of the type of urbanisation operation, and may be accompanied

by such other elements as the applicant may deem appropriate. The licensing application is also accompanied by the declarations of responsibility issued by the authors of the plans and their technical managers.

If the licensing application is not rejected out of hand, the procedure develops to a phase of consultation of the various entities involved in the spatial planning and environmental protection processes for them to comment on the application. After the consultation phase, the application is decided.

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 urbanisation operations takes the form of a permit which is required for it to be effective. For the permit to be issued, the licence applicant is required to pay the respective fees. Responsibility for issuing the permit lies with the urban authority that decided the permit application.

Execution of the urbanisation operations under regulation 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 in its original condition and possible decree of administrative possession for enforcement, if the demolition order is not complied with voluntarily; or
- termination of the unauthorised use of the building or condominium units.

12. Environmental Licensing

Act 5/98 of June 19 enacted the Environment Framework Law ("*Lei de Bases do Ambiente*"), which summarises the basic principles for the protection, preservation, and conservation of the environment in Angola. Here, the focus is on environmental protection measures, including the process of environmental impact assessment and environmental licensing.

The process of environmental impact assessment is regulated by Decree 51/04 of July 23, which determines that the licensing of agricultural, forestry, industrial, commercial, residential, tourism or infrastructure projects that for their nature, size or location have implications for environmental and social balance and harmony, is subject to a prior process of environmental impact assessment.

The process of environmental impact assessment implies *(i)* performance of an environmental impact study, which can only be done by medium or senior experts and technicians included in the register of consultants in environmental impact assessment (Article 29 of Decree 59/07 of July 13), *(ii)* obtaining the favourable opinions of the provincial and municipal authorities responsible for the environment, and *(iii)* a public hearing.

The issue of the environmental permit is based on the environmental impact assessment of the activity and precedes the issue of any other permits legally required for each case. The permit application is addressed to the entity responsible for environmental policy, once all the formalities relating to the process of environmental impact assessment have been complied with.

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

The environmental installation permit is intended to authorise the setting out of the work or undertaking and the environmental operating permit is issued upon compliance with all requirements of environmental impact assessment study. Among other things, the environmental operating permit sets out the emission limit values for pollutants, as well as details of measures to ensure adequate protection of soil and groundwater, noise control and measures on the management of waste produced on site.

The environmental operating permit is issued for a period of between three and eight years. Renewal of the environmental permit is preceded by an 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.

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 are known as public private partnerships (PPP). This definition stems from Article 2 of Act 2/11 of January 14 (the Public-Private Partnerships Act/"*Lei sobre as Parcerias Público-Privadas*"), which also establishes the general rules applicable to State government intervention in the PPPs.

The legal framework of the PPPs does not apply to *(i)* public works contracts, *(ii)* public procurement contracts, *(iii)* PPPs involving an investment or contract value less than AOA 500 million (approximately USD 3,677,000), and *(iv)* all other contracts for the supply of goods or services, for a term not exceeding three years, involving no automatic assumption of obligations by the public partner at the end or beyond the term of the contract.

Public partners are the State and local governments, autonomous funds and services and public corporate entities.

Among others, the following are instruments of legal regulation of relations of co-operation between public entities and private entities *(i)* public works concession contracts, *(ii)* public service concession contracts, *(iii)* ongoing supply contracts, *(iv)* rendering of services contracts, *(v)* management contracts and *(vi)* co-operation contracts where what is involved is the use of an existing establishment or infrastructure.

Within the scope of a PPP, the public partner is charged with monitoring and controlling the implementation of the object of the partnership to ensure that the objectives of public interest are achieved, while the private partner is primarily charged with the funding as well as the management activity contracted.

For the launch and contracting of a PPP the following, among others, shall be observed: *(i)* the PPP shall be included in the General Public-Private Partnerships Plan ("*Plano Geral das Parcerias Público-Privadas*"/PGPPP), the multi-year, multi-sectoral document that defines the strategy in the matter of PPPs; *(ii)* compliance with the rules on financial programming contained in the General State Budget Act; *(iii)* clear listing of the objectives of the partnership, defining the desired outcomes and allowing appropriate allocation of the responsibilities of the parties; and *(iv)* configuration of a partnership model showing

the advantages over alternative ways of achieving the same ends and that, at the same time, presents for the private partners an expectation of obtaining adequate remuneration to the amount invested and to the degree of risk they incur.

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

Establishing a partnership assumes a clearly identified sharing of risks, which must be shared between the parties in keeping with their ability to manage these risks at the lowest cost to the project.

The Ministerial PPP Assessment Commission (*Comissão Ministerial de Avaliação das PPP*/CMAPPP) is charged with *(i)* appraising and deciding the operating procedure for the selection and contracting relating to the State's participation in the investments and share capital of joint ventures with private shareholders, to be approved by order of the minister; *(ii)* considering and adopting resolutions on the PGPPP; *(iii)* approving proposals for PPP projects; *(iv)* directing the contracting process, after consulting the Court of Auditors on the legal compliance of the process and approval by the President of the Republic; and *(v)* considering and adopting resolutions on the contract execution reports. This commission comprises the Minister of Economy, the Ministry of Finance and the Minister of Planning.

The study and preparation of a PPP shall take into consideration the position of the private sector, identifying potential interested parties and analysing existing market conditions. A dossier of information relating to the PPP shall be submitted to the CMAPPP, namely the tender programme, specifications, demonstration of the public interest of the contract and the draft contract.

The report of the ministry examines in particular whether the risks of the partnership are properly quantified and allocated, as well as the potential impact thereof on the public partner.

The CMAPPP is charged with deciding definitely on the launch of the partnership and its conditions. The launch of a PPP is undertaken according to the applicable adjudication procedure, previously approved by the Court of Auditors.

If the results of the analyses and assessments performed or if the results of negotiations conducted with the bidders do not match in terms satisfactory the purposes of public interest underlying the formation of the partnership, the process of selecting the private partner in progress may be interrupted or cancelled, and no indemnity is attributed. Interruption of the procedure is mandatory whenever only a single bidder attends the respective adjudication procedure, save an express and justified decision of the CMAPPP.

Before concluding the PPP contract, a Special Purpose Vehicle company, or SPV, shall be set up, entrusted with the project, which must take one of the corporate forms prescribed by law. There are cases where the SPV can only take the form of a public limited company ("*sociedade anónima*"), which must comply with international corporate governance standards and adopt International Financial Reporting Standards.

The Public Administration shall not hold a majority of the voting capital of the SPV.

After selection of the successful bidder and approval of the process by the Court of Auditors, the draft contract is subject to the approval of the holder of the executive power.

The CMAPPP and the ministry concerned are charged with monitoring the partnerships. The President of the Republic shall submit to the National Assembly and the Court of Auditors, on an annual basis, reports on the performance of PPP contracts, which must be made available to the public.

There may be a financial rebalance of the contract where a significant change occurs in the financial conditions surrounding the development of the partnership, particularly in cases of unilateral modification imposed by the public partner. On the other hand, the public partner is entitled to an equitable share, with the private partner, of the financial benefits arising from the partnership. The assumptions of the financial rebalance in favour of the private partner or of the share of the financial benefits in favour of the public partner must be included explicitly in the items of the procedure. The financial rebalance or the sharing of financial benefits may be undertaken using the following methods: *(i)* alteration of the term of the partnership; *(ii)* increase or decrease of obligations of a pecuniary nature; *(iii)* allocation of direct compensation; or *(iv)* a combination of the preceding alternatives.

The private partner may engage in activities not expressly provided for in the partnership contract, if so authorised by the competent authorities and provided the proposal contains its economic and financial projection and the corresponding revenue is shared.

The financial execution of PPPs is guaranteed by a special public fund, the Public-Private Partnerships Guarantee Fund (to be created by Executive order), which will aim to meet any pecuniary obligations incurred by the State within the PPPs and will be conducted by the Ministry of Finance.

The PPP Act applies to all PPPs not yet authorised by order of the President of the Republic and to renegotiations (contractually provided for or agreed to among the parties) of existing PPPs, within the limits of the negotiation legally permitted.

14. Labour Relations

The new General Labour Act ("*Lei Geral do Trabalho*"/LGT) was enacted by Act 7/15 of June 15, repealing in its entirety its predecessor, Act 2/00 of February 11. Although labour legislation is scattered among several items of legislation, the main legislative instrument at this time is LGT, which sets out the principles and rules governing the employment relationship in Angola.

In general terms, the LGT applies to all employees who, in Angola, provide gainful activity to an employer within the scope of its authority and management, such as public, mixed and private enterprises, co-operatives, social organisations, international organisations and diplomatic and consular representations. The LGT likewise applies 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 more favourable to the worker and provisions of public policy applicable at the workplace), and, suppletively, to non-resident foreign employees.

The LGT defines the employment contract in broad terms, considering it as the one whereby the employee undertakes to provide professional activity to an employer within the scope of the organisation 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 the 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 like 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 undetermined duration contract when the maximum duration in question shall have expired.

Should one of the parties not wish to renew a term contract of a duration is equal to or greater than three months, it shall 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.

Despite the general principle of freedom of form in the conclusion of employment contracts, there are types of contracts for which the law requires them to be in writing, for example, contracts concluded with foreign workers, home-work contracts, apprenticeship and traineeship contracts and aboard-vessels contracts.

14.2 Hiring non-resident foreign citizens

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 foreign non-resident worker is subject to the grant of a work permit.

In accordance with Decree 5/95 of April 7, domestic or foreign employers that carry on their business in any part of the country shall only resort to the employment of non-resident foreign labour, even though unpaid, in the event that its workforce, when comprising more than five employees, has at least 70% Angolan personnel.

This quota can be exceeded upon application by the employer addressed to the proper official entities in the case of specialised employees or workers who, considering the conditions of the labour market, are not usually available in Angola.

Decree 6/01 of January 19, which governs the activity of foreign non-resident workers, imposes the following hiring requirements: *(i)* have reached the age of majority in the light of 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 and confirmed by the Ministry of Health of Angola; *(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; and *(vi)* have not received a scholarship or vocational training at the expense of organisations or public or private law companies operating in Angola.

It is also stipulated that the employment contract entered into with non-resident foreigners employees shall have a minimum duration of three months and maximum of 36 months. Both parties so wishing, contracts of a duration of three months or if a duration less than the maximum statutory term may be renewed successively up to the maximum term.

In exceptional circumstances, the non-resident foreign worker may be hired again for the exercise of professional activity in Angola, after the expiry of the 36-month period, provided the requirements imposed by law for the first contract have been observed. In this case, the contracting company shall also request authorisation from the competent bodies by means of a reasoned application containing the reasons warranting the new contract.

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 its 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).

For each year of actual service, all workers 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 the 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 major economic groupings, is as follows (Presidential Decree 144/14 of June 9):

- for commerce and mining, AOA 22,504.50 (approximately USD 170);
- for transport, services and manufacturing, AOA 18,754 (approximately USD 140); and
- for agriculture, AOA 15,003 (approximately USD 110).

14.4 Working hours

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

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

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

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

Between the end of a working period and the start of the next there shall be a rest interval of a duration no less than 10 hours.

The 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 holidays not counting towards that period.

The worker'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.

The employer shall, as a rule, suspend work on days that the law establishes as 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); 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 a national holiday coincides with the compulsory weekly rest day (Sunday), it shall be transferred to the next business day. This rule shall not apply to New Year's Day, Carnival Tuesday, All Souls' Day, and Christmas and Family Day. During the week prior to the day on which this rule applies, one hour per day shall be added to the normal working hours.

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 authorised by the employer, or *(iii)* is requested and/or justified under the law. Unjustified absences entail loss of pay and are

discounted from the worker'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 worker.

14.6 Termination of the employment contract by the employer

Angolan labour 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 the 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 requirement of notice, compensation or presentation of justification.

In employment contracts of indefinite duration, the trial period lasts, as a rule, for the first 60 days of the provision 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 up to four months (in the case of workers who carry out work of high technical complexity and difficult evaluation) or six months (in the case of workers 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, depending on whether unskilled or skilled workers are involved.

Dismissal for disciplinary reasons has to be based on the committal of a serious disciplinary offence by the worker or the occurrence of objectively attributable and verifiable reasons, becoming 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 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 working hours 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 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, give rise to justified complaints by co-workers

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

Collective redundancy occurs whenever the extinction or transformation of the jobs, determined by duly-demonstrated economic, technological or structural reasons involving reorganisation or internal conversion, reduction or termination of activities, simultaneously affects the employment of 20 or more workers (if the number is smaller, the individual-dismissal on objective grounds mechanism should be used).

The compensation due to workers 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 enterprises* – one base wage for each year of work up to a maximum of five, plus 50% of the base wage multiplied by the number of years of work in excess of that limit;
- *medium enterprises* – one base wage for each year of work up to a maximum of three, plus 40% of the base wage multiplied by the number of years of work in excess of that limit;
- *small enterprises* – 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 enterprises* – 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 Authorisations and communications required for employers

Employers whose work centres 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 Labour 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 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 of every branch of activity having more than twenty employees, to domestic employees and to resident foreigners, as well as their business associations.

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 the companies (as well as, where appropriate, employers' associations) and trade unions representing their workers may conclude collective bargaining agreements.

At companies where there are no trade union organisations, 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 labour disputes, such as mediation and arbitration, to which must be added conciliation, which must precede resolution of labour disputes through the courts.

The Trade Union Act ("*Lei Sindical*"/LS), enacted by Act 21-D/92 of August 28, grants workers, without any discrimination, the right to form trade unions and to free exercise of union activity.

In the exercise of union rights, workers are entitled to freely form trade union associations, to enrol in them or not, to withdraw from the trade unions and to pay dues just to the trade union in which they are affiliated, to participate in those trade unions in 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 of collective bargaining, *(iii)* conducting within the framework of current legislation all forms of action for the benefit of the interests of workers, *(iv)* issuing a prior opinion on legislative measures relating to the interests of workers, *(v)* ensuring compliance with the labour legislation in force and collective bargaining agreements, reporting violations of workers' rights, *(vi)* promoting the defence of individual or collective rights of workers in light of facts 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, family members who are dependent on them, including those carrying on temporary or intermittent activities, such as occasional or seasonal, are obligatorily covered by the social security scheme (Act 7/04 of October 15 and Decree 38/08 of June 19).

However, employees temporarily carrying out activities in Angola, for a period to be defined, and demonstrate 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.

The material scope of application of the social security scheme of employees currently comprises *(i)* maternity care, *(ii)* old age benefits, *(iii)* death benefits, and *(iv)* family expenditure compensation.

Registration of the company with the Social Security management entity must be carried out within 30 days of the start of the company's business. The employer must register employees with the social security management entity within 30 days of the start of employment. These deadlines may be extended to 60 days if the circumstances existing in the locality so warrant.

It is incumbent upon the employer to pay the contributions due to the social security management entity, including the portion borne by the employee.

The remuneration due to employees, that is, base wage and remuneration benefits and complements paid directly or indirectly in cash, constitutes the basis of calculation of the mandatory social security contributions.

For these purposes, remuneration benefits and complements subject to contribution are understood to be *(i)* remuneration for the consideration for shift work and night work on a regular basis, *(ii)* remuneration for the period of suspension with loss of pay as a disciplinary measure, *(iii)* compensation for unlawful dismissal, *(iv)* the amount paid to the employee in compliance with the termination of employment agreement, *(v)* company profit-sharing and *(vi)* the stand-by on a regular basis scheme subsidy.

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 works' 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 Obtaining Visas and Residence Permits for Foreign Citizens

Act 2/07 of August 31 enacted legislation governing the entry, stay and departure of foreigners in Angola. This act was regulated by Presidential Decree 108/11 of May 25.

15.1 Types of visas

Under the law, every non-resident foreigner needs a visa to enter Angola. There are five types of visas: *(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 authorised for the purpose, to the holder of diplomatic, service, special or ordinary passport travelling to Angola on a visit of a diplomatic, service or official nature. These 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 the 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 a visit of a recreational, sports or cultural nature (valid for one or multiple entries and allows a stay in the country for a period of 30 days, renewable just once for a like period);
- *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 seven days, renewable for a like period);

- *the ordinary visa* that allows entry into the country for family and business-prospecting reasons (allows a stay in the country of up to 30 days, renewable twice for a like period);

- *the study visa*, which allows foreign citizens to enter the country to attend a study programme at public or private schools, as well as vocational-training centres, to obtain an academic or professional degree or take training courses at companies and public or private services (allows the holder to stay for one year, renewable for a like 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 privileged visa*, granted by Angolan diplomatic and consular missions to foreign citizens who are investors or agents or attorneys of the investor, allowing entry into the country for purposes of implementation and execution of the 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 like 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 (allows multiple entries into the country up to the end of the employment contract and is granted for a minimum of three months and a maximum of 36 months, according to the duration of the employment contract; this visa allows the holder to exercise only the occupation for which it was granted and solely for the employer who applied for it; work visas are divided into several categories according to the characteristics of the employer or the sector of activity, and some categories of workers enjoy an exceptional scheme);

- *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 being a relative of a holder of a valid residence permit or a spouse of an Angolan citizen (entitling its holder to multiple entries and a stay up to 365 days, which may be extended until the reason for its grant comes to an end); and

- *the visa for establishing residence* granted to citizens wishing to settle in Angola (allows a stay in the country for a period of 120 days, renewable for like periods up to the decision on the application for a residence permit, and the pursuit of gainful employment).

Lastly, the territorial visa is granted in very exceptional situations by the Migration and Foreigners Service at border crossings when the 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 did not apply for a visa at the consular and diplomatic entities in their country of origin) or *(ii)* a transhipment visa (issued at maritime border crossings, allowing the transfer of crew members from one ship to another at sea).

15.2 Requirements for the grant of visas

The grant of a visa depends on fulfilment of the following conditions by the applicant:

- holds a passport valid for more than six months;
- has a travel ticket recognised and valid for Angola;
- is the holder of a valid passport and is of legal age or, if under age, has the expressed permission of the parents, legal guardian or person exercising parental authority;
- is not included in the national list of undesirable persons;
- does not constitute a danger to public order or national security interests;
- the passport holder has complied with all the health requirements established by the Ministry of Health for entry into the country.

Other conditions may apply depending on the desired visa. In some cases it may be necessary for a bond to be posted (by the employer) to guarantee possible repatriation of the worker and his family.

15.3 Power to authorise the grant and extension of visas

Apart from the grant 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 the diplomatic and consular missions requires the prior authorisation of the Migration and Foreigners Service.

The Director of the Migration and Foreigners Service is charged with extending the period of stay of the visa. The extension request must be substantiated, and the existence of the reasons that led to the grant of visa constitutes a fundamental requirement for granting the extension.

The Migration and Foreigners Services Directorate and its provincial bodies, by delegation of powers, are charged with extending privileged and work visas. Provincial bodies are forbidden to receive requests for extension of privileged visas of companies and work visas for citizens linked to companies whose registered office is not in their area of jurisdiction.

15.4 Cancellation of visas

Visas may be cancelled:

- where they have been granted on the basis of false statements, use of fraudulent means or by invoking 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 that gave rise to the grant of the visa is terminated;
- the holder carries on an occupation other than that which gave rise to the grant 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 authorised extension of the stay.

15.5 Agreements with other countries

Several agreements have been concluded between Angola and other States for the suppression or facilitation of visas. Of these, it should be noted the agreements with member countries of the Community of Portuguese Speaking Countries/"*Comunidade de Países de Língua Portuguesa*" (Brazil, Cape Verde, Guinea-Bissau, Mozambique, Portugal, São Tome e Príncipe and East Timor), with African countries (South Africa, Equatorial Guinea, Namibia), with Asian countries (Korea, Vietnam) and other countries such as Argentina, Russia and Spain and, more recently, France and Switzerland.

16. Intellectual Property

Legal protection of intellectual property in Angola stems from the Copyright Act ("*Lei dos Direitos de Autor*", Act 15/14 of July 31) and the Industrial Property Act ("*Lei da Propriedade Industrial*", Act 3/92 of February 28). Angola is party to several international conventions and treaties on industrial property, among which stand out the World Intellectual Property Organisation, the World Trade Organisation, 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 authorise their use and enjoyment. Copyright covers rights of both economic and moral nature.

Economic rights consist essentially of the exclusive right to perform (or authorise others to perform) acts of publication, reproduction and communication to the public by any means, as well as the translation, adaptation, arrangement or other transformation of the work. The author may authorise the use of 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 authorisation by the Ministry of Culture.

Moral rights consist of the right to demand recognition of the authorship of the work and mention of the author's name whenever it is communicated to the public, as well as the right to defend its integrity and to object to any distortion, mutilation or modification of the work and additionally entitlement 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 already authorised. 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, in

which the copyright belongs to the person who ordered its production, in addition to specific rules for works created by more than one author (work done in collaboration or collective work).

Infringement of copyright is subject to civil and criminal liability.

16.2 Industrial property

The Industrial Property Act is intended to protect industrial property, which has as its object invention patents, utility models, industrial designs and models, trademarks, reward, establishment names and insignia and indications of provenance, as well as to repress 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 the patent and five years, with the possibility of renewal for two further periods, for the utility model and industrial designs and models. The trademark registration lasts 10 years and can be renewed indefinitely for like periods; registration of establishment names and insignia lasts for 20 years, with successive extensions. The reward and indications of provenance have unlimited duration.

As a rule, the patent belongs to the inventor. In the case of inventions during the term of an employment contract in which the inventive activity is planned or results from the very nature of the work performed, the patent belongs exclusively to the employer.

Ownership of the invention patent can be transferred *inter vivos* (by deed) or on death (testamentary or legitimate inheritance). Patent-exploitation licences 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 the establishment presupposes the transfer of ownership of the trademark. The holder of a trademark registration may grant exploitation licenses for the brand by written contract.

All acts involving the transfer of ownership or termination or exploitation of patents, designs or models, trademarks, reward or name or insignia are subject to registration and only then are they enforceable against third parties.

Violation of rights conferred by the 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 up to three months. Violation of designs or models, reward, establishment names and insignia is punishable by fine.

17. Means of Dispute Resolution

17.1 Judicial system

The new Law on the Organization and Operation of the Judicial Courts ("*Lei Orgânica sobre a Organização e Funcionamento dos Tribunais da Jurisdição Comum*", approved by Act 2/15 of February 2) establishes the principles and general rules on the organization and operation of the judicial courts, aiming to better adapt the administration of justice to the new Constitution of the Republic of Angola and the fundamental principles of the judiciary organization therein established, namely, the principle of right of access to the law and the courts, of administrative and financial autonomy of the courts, of independence of the judges, of public hearings at the courts and of the enforceability of court decisions.

Along with the law, custom and usage are important sources of law in Angola and may constitute grounds for judicial decisions.

17.1.1 Organisation and general rules of jurisdiction

The organisation and operation of the Angolan judicial system are governed by the Constitution and by various other laws such as the above mentioned Law on the Organization and Operation of the Judicial Courts (Act 2/15 of February 2), the Organic Law of the Office of the Attorney General ("*Lei Orgânica da Procuradoria Geral da República*", Act 22/12 of August 14), the Statute of Judicial and Public Prosecution Magistrates ("*Estatuto dos Magistrados Judiciais e do Ministério Público*", Act 7/94 of April 29), the Advocacy Act ("*Lei da Advocacia*", Act 1/95 of January 6), the Legal Aid Act ("*Lei da Assistência Judiciária*", Decree-Law 15/95 of November 10) and the laws on the various jurisdictions (labour, administrative, juvenile, and maritime).

The new Law on the Organization and Operation of the Judicial Courts divides the national territory in five Judicial Regions ("*Regiões Judiciais*"), which are composed of Judicial Provinces ("*Províncias Judiciais*"), that correspond to the political-administrative division of the country, and which, in turn, unfold in Districts ("*Comarcas*").

The hierarchy of the organisation of the courts 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);

- *Courts of Appeal*, which, as a general rule, work as the second instance and which have jurisdiction in the territory of their respective judicial region;

- *District Courts*, which, as a general rule, work as first instance courts, have jurisdiction over the territory of their respective district and may unfold in Rooms of Specialized Competence or of Minor Criminal Causes, whenever the volume, nature and complexity of the processes dictate so.

The Constitution of Angola provides for the existence of a Constitutional Court, charged in general with administering constitutional justice (see Act 2/08 of June 17, enacting Organic Law of the Constitutional Court/"*Lei Orgânica do Tribunal Constitucional*", as amended by Act 24/10 of December 3).

17.1.2 Recognition of foreign judgements and enforceability of national judgements through foreign courts

Recognition of foreign-court judgements on private rights in Angola can be undertaken upon their confirmation and review by the Supreme Court (Civil and Administrative Chamber). 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.

17.1.3 International competence of Angolan courts

The Angolan courts are internationally competent where: *(i)* the action must be brought in Angola, under the rules of jurisdiction laid down by Angolan law; *(ii)* the fact that serves as the cause of action was performed in Angola; *(iii)* the defendant is a foreigner and the claimant is Angolan, provided that in the reverse situation the Angolan may be sued in the courts of the State to which the defendant belongs; *(iv)* the law cannot become effective save by means of an action lodged with an Angolan court, provided that there is a weighty element of personal or real interest between the action that is brought and Angola.

Where the court of the defendant's domicile is, according to Angolan law, competent to decide the action, the Angolan courts may exercise jurisdiction provided that the defendant has resided in Angola for more than six months or is accidentally in Angola (in this latter case, it is also necessary that the obligation was contracted with an Angolan).

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 Out-of-court means of dispute resolution

In accordance with the Constitution of the Republic of Angola, the law establishes and rules the out-of-court means and ways of dispute resolution and also its establishment, organization, competence and operation (Article 174.4).

Following the Constitution provision, Act 16/03 of July 25 enacted the Voluntary Arbitration Act ("*Lei de Arbitragem Voluntária*"/LAV), responding to the need to ensure a more speedy, more secure legal certainty and predictability in the resolution of disputes arising from economic, commercial, and industrial relations.

Use of arbitration is provided for in separate sectoral legislation, namely *(i)* in the Private Investment Act ("*Lei do Investimento Privado*", Act 14/15 of August 11), *(ii)* the Securities Code ("*Código de Valores Mobiliários*", Act 22/15 of August 31), *(iii)* the Petroleum Activities Act ("*Lei das Actividades Petrolíferas*", Act 10/04 of November 12), and *(iv)* Resolution 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 means of dispute resolution.

Arbitration may be agreed on in all disputes concerning available rights provided that, by special law, they are not exclusively submitted to the appraisal of the judicial courts (such as labour disputes or those relating to real estate) or to necessary arbitration.

In an arbitration agreement or other subsequent document, the parties may agree on the rules of procedure to apply and the place of arbitration. If such an agreement has not been concluded before the acceptance of the first arbitrator, the arbitrators will be charged with determining the rules and the place of arbitration.

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 shall judge in accordance with the law. In decisions taken on the basis of usage and custom, 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 of the parties and of adversary proceedings, and the law also provides for a period of six months from the acceptance of the last arbitrator to issue the arbitration award, though another deadline may be agreed.

Arbitration awards have the same effects as judicial rulings and, if condemnatory, are enforceable.

The law makes a distinction between domestic arbitration and international arbitration, the latter being one that "brings into play the interests of international trade" (Article 40.1 of the LAV). The law specifically foresees the possibility of the parties' expressly agreeing that the object 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 proffered cannot, as a rule, be appealed, unless the parties have expressly agreed to the possibility of appeal and have set its terms. In international arbitration, the application of Angolan law to arbitral proceedings is a condition *sine qua non* to the nationality of the arbitral award, in which case the latter will have the same effects of as judicial awards and, given a condemning decision, it will be enforceable.

Despite regulation by the Voluntary Arbitration Act, Angola is a party neither to the 1958 New York Convention nor to the 1923 and 1927 Geneva Conventions.

Thus, enforcement of any foreign arbitral award shall depend on a process of its review and confirmation by the Supreme Court.

Although Angola is not party to the Washington Convention of 1965 on the Settlement of Investment Disputes between States and Nationals of Others States, it entered into bilateral investment treaties with several countries, which may allow maximizing the protection of foreign investment from these countries.

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 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.

This system has since been revised and brought into line with international standards through the enactment of Act 34/11 of December 12, which strengthened the duties performed by the Angolan authorities in this field through the establishment of the Financial Information Unit (*Unidade de Informação Financeira*/UIF), a central autonomous, independent unit having public nature, responsible for receiving, analysing and disseminating information on suspected money laundering or terrorist financing. The UIF performs its duties at the National Bank of Angola, but with technical and functional independence and autonomy.

The following are subject to this law:

- banking financial institutions carrying out the operations provided for in Article 4.1 of the Financial Institutions Act ("*Lei das Instituições Financeiras*", Act 13/05 of September 30), such as taking deposits or other repayable funds, marketing insurance contracts, finance lease and factoring contracts, and credit and capital markets transactions;

- non-banking financial institutions under Article 5 of the Act, such as exchange *bureaux*, credit co-operative companies, finance lease companies, insurance and reinsurance companies, and pension funds and their management companies;

- branches in Angola of financial entities having their registered office abroad;

- sundry non-financial entities such as casinos, payers of gambling or lottery prizes, entities engaged in real-estate agency activities and in buying and reselling real estate or construction companies that engage in direct sales of real estate, dealers in precious metals and stones and traders where they carry out cash transactions of a value equal or greater than the equivalent of USD 15,000;

- official auditors, accountants, auditors, book-keepers, registrars, notaries, solicitors, lawyers and other independent professionals, when acting on behalf of the client or in other circumstances in specified matters, such as buying and selling real estate and shareholdings, management of funds, securities and other assets, management of bank and savings accounts, providing services to companies, other corporate persons or centres of collective interest having no legal personality, particularly for the creation, operation or management, and purchase and sale of commercial establishments and entities.

All these entities are bound to fulfil certain obligations, including identification, due diligence, refusal, communication, co-operation, confidentiality, control and training. In certain circumstances, taking into account the value of the transactions or if there is suspicion that the transactions regardless of their value are related to the above crimes, such entities must verify the identity of the customer and the beneficial owner, obtain information on the purpose and intended nature of the business relationship, applying special measures in cases of particular complexity or volume, unusual nature, lack of economic justification or possible criminal nature.

The Ministry of Housing and Urban Planning has regulated the fulfilment of these obligations by the entities exercising real estate mediation, construction and transaction, through Order 713/14 of March 27, 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 their natural or legal customers involved in transactions of the above referred value, as well as the details of those transactions, and shall keep copies of the documents collected, the notifications issued and their proofs for a period of 10 years.

All the entities above mentioned shall also inform the UIF whenever they know or have reason to suspect that an operation that might be associated with the carrying out of the above or any other crimes are in progress or were attempted. Fulfilment of this duty of disclosure is not considered a violation of the obligation of secrecy and the entities may not disclose to the client or third parties that they have provided such information or that a criminal investigation is ongoing.

Failure to comply with these duties constitutes transgression punishable by fine and accessory penalties (for example, temporary or permanent disqualification from the exercise of the profession or activity).

Conversion or transfer of benefits derived from the commission of offences related to the crime of money laundering (or aiding or facilitating them) is a crime punishable by imprisonment of two to eight years.

On 10 February, 2014, Act 3/14 (Criminalization of Underlying Offences to Money Laundering Act/"*Lei sobre a Criminalização das Infrações Subjacentes ao Branqueamento de Capitais*") was published because it had become apparent that not all the infringements listed by the Financial Action Task Force were defined as crimes in the Angolan legal system. This act provides for several crimes, such as criminal association, different types of fraud (like tax fraud), illegal restraint, kidnapping and trafficking in persons, pimping, arms trafficking, counterfeiting crimes and environmental crimes.

All the provisions that should be incorporated in the new Criminal Code shall be withdrawn from this Act, when it enters in force.

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 31/11 of September 23, which includes the set of legal rules and principles relating to geological research, discovery, characterisation, evaluation, exploration, sale, use and exploitation of mineral resources on land, underground, in territorial waters, the territorial sea, on the continental shelf, in the exclusive economic zone and other areas of territorial and maritime domain under the jurisdiction of Angola, as well as access to and exercise of the rights and duties pertaining thereto. Activities related to the 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 mineral resources 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 the 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 cycles, the State's share to rise 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 market price, for local industry.

It is intended that the exploitation of mineral resources be carried out with strict regard for the rules concerning safety, economic use of the land, the rights of local communities, and protection and defence of the environment. For such purpose, 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, as well as 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 specificities of their exploitation so warrant, some minerals may be classified as "strategic", as in the case of diamonds, gold and radioactive minerals. The mining rights of strategic minerals may be exclusively allocated to a specific public entity, which assumes the role of national concessionaire, 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 permit, for reconnaissance, prospecting, research and evaluation of mineral resources;
- an exploitation permit, for the exploitation of mineral resources;
- a quarrying permit, for prospecting or exploitation of mineral resources applicable in civil construction; and
- a mining permit for non-industrial exploitation.

Mining and quarrying permits may be transferred to third parties if authorized by the supervisory body, the transfer to be recorded on the permit in question, and is subject to the payment of charges and emoluments.

Investment in mining activities by private entities, whether domestic or foreign, is subject to specific authorisation 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 by means of an investment contract approved by the Minister. Where the investment amounts to more than USD 25 million, the Executive Branch is competent to approve the mining investment contract, while the Minister is the State interlocutor in all matters relating to the negotiation and provisions of the contract.

Mineral 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 to apply for a special extension for a maximum period of one year, if the total period of seven years is insufficient.

Exploitation rights are assigned for a period 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 of the holder of mineral exploration rights, 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 minerals mechanism contains several specifics beyond those set out in the general rules, among which stand out the approval of the contract by the Executive Branch and its negotiation by the body set up by the Executive Branch to regulate the exercise of rights of 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 mineral rights are entitled to market the product of mining operations; its export, however, requires licensing by the competent body of the Ministry of Trade and customs clearance by the National Customs Service (*Serviço Nacional das Alfândegas*).

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 the share of production. The export of strategic minerals is also subject to licensing by the competent body of the Ministry of Trade and customs clearance by the National Customs Service, and institutionalisation 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.

A tax and customs scheme is also established 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 recognise as tax jurisdiction of Angola.

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 with direct access to fish stocks in the Atlantic Ocean. Fish is a very important food in the diet of Angolans, especially eaten dried or salted given the difficulties of preserving it fresh.

The fisheries law or Aquatic Biological Resources Act ("*Lei dos Recursos Biológicos Aquáticos*", Act 6-A/04 of October 8, amended by Act 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 Act ("*Lei de Bases do Ambiente*", Act 5/98 of June 19). The law also governs the licensing of fish and fishery-products processing and sale establishments, as well as the constitution (under a concession by the Minister of Fisheries) and extinction of fishing rights. 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 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 to 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 41/05 of June 13) lays down general rules and principles for the implementation of the Aquatic Biological Resources Act, which addresses in particular the organisation 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 43/05 of July 20) establishes the rules applicable to the supervision of fishing, aiming to the convenient management of aquatic biological resources. The Fishing and Aquaculture Inspection Service (*Serviço Nacional de Fiscalização Pesqueira e da Aquicultura*), an administrative body of the Ministry of Fisheries, is responsible for the supervision of fishing activities and operations and ancillary activities.

Following a series of political and economic reforms, the Angolan State has sought to modify its role in this sector, and, in recent years, there has been a liberalisation of prices and privatisation of several companies and preparation is under way of conditions for the privatisation of other larger 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 139/13 of September 24 (Regulation on Continental Fishing/"*Regulamento da Pesca Continental*") establishes fisherman's rights and duties, their cooperatives and associations, natural resources preservation measures, species that may be captured, the arts and mills of artisanal fishing and the registry of continental fishing vessels. Additionally, mention shall be made to the Regulation on Sports and Recreational Fishing ("*Regulamento da Pesca Recreativa e Desportiva*", Presidential Decree 146/13 of September 30), which includes surface fishing, dive fishing and shore fishing, both under the recreational and competitive systems.

The Regulation on the 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 284/14 of October 13) was approved in order to protect the biological resources of the aquatic ecosystems, and considering 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, transhipment, export and import of fishing products. Among other protection measures and corresponding penalties, the regulation establishes the requirements of port access, the authorizations for port access by foreign fishing vessels, the registry of discharge and transhipment operations, the dockland inspection, the certification scheme for the import of fishing products, as well as other preventing 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 the Marine Fisheries Management, Continental Fishing and Aquaculture for the year 2015 ("*Medidas de Gestão das Pescarias Marinhas, da Pesca Continental e da Aquicultura para o ano de 2015*") were approved by Presidential Decree 28/15 of January 13.

For the 2012-17 period goals have been set up for the recovery of fishery resources, improvement of support infrastructures, development of the salt industry and human-resources training. The intention was also announced to grant incentives to the private sector in the area of construction of ships, aiming at rehabilitation of the fleets. Private sector entities will also be given the opportunity to take part in building fish refrigeration and preservation facilities, while reducing the canning of fish is one of the objectives of the projects that have been announced.

19.3 Maritime transportation

The transportation sector is a vital aspect for fostering social and economic development, both considering the infrastructures and the means and services, since it creates conditions for accessibility and mobility of persons and goods throughout the Angolan territory, also contributing to combat the isolation of some areas and the asymmetries of economic growth in the country.

Given its extensive Atlantic coast line, 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. Nowadays, the Angolan State has been implementing recovery and promotion measures in other ports of the territory, through the construction and distribution of new fishing vessels, namely, in the port of Porto Amboim and the port of Soyo.

Act 9/98 of September 18 enacted the Port Domain Act ("*Lei do Domínio Portuário*"), which enshrines a Port Spatial Plan ("*Plano de Ordenamento Portuário*"), the legal framework of 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 Bases ("*Bases Gerais das Concessões Portuárias*") are set out in Decree 52/97of July 18, in which port concession is defined as the administrative contract whereby the port grants to a corporate person the management of activities and services associated with cargo handling, using and developing for the 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 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*"), laying down rules on use permits, their duration and charges.

Decree 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 Act ("*Lei dos Espaços Marítimos*", Act 14/10 of July 14) was approved in order to regulate the maritime spaces under Angolan sovereignty and a jurisdiction, as well as to combat the smuggling, the uncontrolled operational unloads, and the increasing number of transgressions of the fiscal, customs, health and migration laws. According to this act, the 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 Act ("*Lei da Marinha Mercante, Portos e Actividades Conexas*", Act 27/12 of August 28) provides the legal framework applicable to merchant marine sectors, maritime activities, nautical leisure and nautical sport and to ports, in cooperation with the activity of transport and maritime logistics. The referred act aims to systematize the foundations of maritime law, with regard to the technical and safety rules of vessels, ships and mills, rules applicable to the crew, pilot,

pilotage activity; the rules are applicable to occurrences at sea, as well as to the management of ports and port activity.

Several diplomas were approved with mention to legal entities of maritime navigation activity, namely:

- the Statutes of the Sailing Agent ("*Estatuto do Agente de Navegação*", Presidential Decree 50/14 of February 27), which provides that access to sailing activity depends on registry with the Angolan Maritime and Port Institute (*Instituto Marítimo e Portuário de Angola*/ IMPA) at the request of the company concerned; the company concerned is subject to obtaining a license granted by IMPA, the competent entity to monitor and supervise the activities of shipping agents, without prejudice to the competence of port authorities;

- the Regulation on the Activity of Ship Managers ("*Regulamento sobre a Actividade do Gestor de Navios*", Presidential Decree 51/14 of February 27) establishes that the activity of the manager of ships also entails previous registry with IMPA;

- the Regulation on the Maritime Transport Activity ("*Regulamento sobre a Actividade de Transporte Marítimo*", Presidential Decree 54/14 of February 28), which regulates the registry of an owner of a ship as a commercial ship-owner by making a request to IMPA, as well as previous authorization for acquisition or chartering of vessels);

- the Regulation of Nautical Sporting and Recreation, Amateur Diving and Ancillary Activities ("*Regulamento da Náutica de Recreio e Desportiva, Mergulho Amador e das Actividades Correlacionadas*", Presidential Decree 69/14 of March 21) aims to increase the security of nautical recreational and leisure activities, establishing the requirements and applicable rules for the registration, empowerment, training and certification of amateur recreational sailors, registry, classification, types of sailing and inspection of vessels and other objects used in nautical sports and recreation, registry of marinas and other support infrastructures for nautical recreation, nautical clubs and sports entities, as well as those relating to amateur diving.

The Republic of Angola ratified on December 5, 1990, the United Nations Convention on the Law of the Sea, done at Montego Bay, which regulates the duty of the member States to fix the breadth of its territorial sea through the Base lines of the Coastal State. Also, the Act 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 17/14 of September 29) was approved.

In the oil industry, the provisions of Order-in-Council 10756 of May 27, 1959 (Handling of Petroleum Products in Ports of Angola Regulation/"*Regulamento para Movimentação 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 39/00 of October 10) must also be observed.

19.4 Electric sector

The electricity sector has its main source of legislation and regulation in Act 14-A/96 of May 31 (Electricity Act/"*Lei da Electricidade*"), which establishes the general framework of the legal regime concerning the undertaking of generation, transmission, distribution and use of electrical energy. These activities are governed, in accordance with the provisions of the aforementioned statute, by the following principles:

- permanent supply of energy in adequate terms relative to 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 as well as 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, as well as *(ii)* the qualification of the transmission and distribution of electricity as a public service.

By virtue of the provisions of the Electricity Act, the Public Electricity System ("*Sistema Eléctrico Público*"/SEP) was created, the latter which encompasses the National Electricity Transmission Network ("*Rede Nacional de Transporte de Energia Eléctrica*"/RNT) and the facilities of generation, transmission and distribution connected to it. Besides SEP, the activities which make up the value chain of the electricity sector may also be undertaken in a non-tied system.

The following diplomas are equally relevant for the electricity sector:

- the Electricity Supply Regulation ("*Regulamento do Fornecimento de Energia Eléctrica*"), approved by Decree 27/01 of May 18;
- the Electricity Distribution Regulation ("*Regulamento de Distribuição de Energia Eléctrica*"), approved by Decree 45/01 of July 13;
- the Electricity Generation Regulation ("*Regulamento da Produção de Energia Eléctrica*"), approved by Decree 47/01 of July 20;
- the Electricity Generation, Transmission and Distribution Facilities Licensing Regulation ("*Regulamento de Licenciamento de Instalações de Produção, Transporte e Distribuição de Energia Eléctrica*"), approved by Decree 41/04 of July 2;
- the Quality of Service Regulation ("*Regulamento da Qualidade de Serviço*"), approved by Presidential Decree 310/10 of December 31;
- the Commercial Relations Regulation ("*Regulamento das Relações Comerciais*"), approved by Presidential Decree 2/11 of January 5;
- the Tariff Regulation ("*Regulamento do Tarifário*"), approved by Presidential Decree 4/11 of January 6; and
- the Network and Interconnection Access Regulation ("*Regulamento do Acesso às Redes e às Interligações*"), approved by Presidential Decree 19/11 of January 17.

19.4.1 Authorization for the undertaking of activities

In accordance with the combined provisions of the Electricity Act, the Electricity Distribution Regulation, and the Electricity Generation Regulation, as well as Act 5/02 of April 16 (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 from the State or from a public body, through the granting of a concession or a license.

Regarding the generation of electricity, the Generation Regulation states that it is granted through a concession, except in cases of supply to isolated settlements whose power needs do not exceed 1 MW, auto and private supply.

Pursuant to the terms of the Distribution Regulation, the undertaking of the activity of distribution of electricity in high voltage and medium voltage, as well as in low voltage (when the settlement which is supplied has 50,000 or more inhabitants and/or the maximum capacity requested by the system is equal or higher than 4 MW), is granted via a concession.

The authorization for the undertaking of distribution of electricity may be obtained through a license granted by the competent local public body in the following situations *(i)* distribution of electricity in low voltage when the above mentioned limits are not reached and of *(ii)* distribution in medium voltage in isolated networks or when *(iii)* for technical or other reasons, the supervising authority decides that the granting of a concession is not justified, in the latter case subject to a prior opinion of the Regulatory Institute of the Electricity Sector (*Instituto Regulador do Sector Eléctrico*).

The undertaking of the activity of electricity transmission is authorized via a concession.

Lastly, the transfer of rights and obligations in concession agreements or the transfer of licenses for the undertaking of the aforementioned activities of the electricity sector, are subject to the approval of the granting or licensing authority.

19.4.2 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 Regulation. The competent authority to license the abovementioned facilities is, as a general rule, the Ministry responsible for the energy sector (Ministry of Energy and Waters).

The licensing process commences with a request for an establishment license, the latter which must be presented with the respective project for the facility. Once the request is approved and the license is 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 agreement with the project as approved, the technician may authorize the provisional operation of the facility. The corresponding operation license is then issued within a 15 day period.

A change in the entity which operates electricity facilities subject to licensing on the grounds of transfer, lease or disposal triggers the obligation for the transferee, lessee or acquirer to request within 30 days the endorsement of said operation licenses.

19.4.3 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 scope of the SEP (that is, in a tied system) or outside SEP (that is, in a non-tied system).

SEP encompasses the generation, transmission, distribution and supply of electricity in a public services regime and the commercial relations between the entities which operate in SEP shall be guided by the following general principles:

- guarantee of supply of electricity in adequate terms to the necessities of its clients;
- guarantee of the necessary conditions for the economic and financial equilibria of the entities which integrate the SEP;
- equal treatment and opportunities;
- competition, without prejudice of complying with public service obligations;
- impartial decision-making;
- freedom of choice of generator or supplier;
- transparency in applicable rules to commercial relations;
- right to information and the safe keeping of confidentiality in commercial information deemed sensitive; and
- rationality and efficiency of means to be used.

The intervening agents in 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 electricity in high voltage, medium voltage and low voltage, and *(iv)* tied clients.

The concessionaire of the RNT also exercises important functions within the scope of SEP, including:

- global management of SEP;
- acting as single buyer of electricity to generators;
- ensuring the satisfaction of the demand for electricity in SEP;
- allowing free access from third parties to RNT;
- requesting agents which partake in the supply of electricity, inside and outside of SEP, to 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 Regulation, the supply of electricity in 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 of SEP is made through bilateral agreements between generators and non-tied clients, without prejudice to the compliance of the applicable provisions of the Electrical Facilities' Licensing Regulation and of the Network Access Regulation.

Despite not being a part of SEP, non-tied generators and auto suppliers may sell energy to SEP, subject to the prior attainment of a concession or license for such purpose.

Lastly, it is worth mentioning that the electricity supply agreements outside of SEP must be submitted to the Regulatory Institute of the Electricity Sector (*Instituto Regulador do Sector Eléctrico*/IRSE) for approval, homologation and registration. This regulatory authority may also define situations whereby bilateral agreements entered into within the scope of SEP may be submitted for approval, homologation and registration.

Access to networks

The Network Access Regulation grants the right of access to the networks of 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 done in a non-discriminatory fashion by the RNT concessionaire and tied distributors in high voltage and low voltage, as long as they have, as applicable, transmission or distribution capacity in the respective network 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 by the use of their facilities and services, through the attribution to clients, as applicable: *(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)* global use of system tariff; and *(v)* network supply tariff.

Supply of electricity

The main provisions regarding the supply of electricity to the final consumer (in very high, high, medium or low voltage) may be found in the Supply Regulation, according to which the suppliers (the RNT concessionaire or the distributors) are obliged to supply electrical energy to persons who request it and in equal terms, notably in what regards 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 Regulation. Among the provisions which must be included in said agreements, the following are highlighted:

- agreements are entered into for one month periods, and may be renewed successively for equal periods (notwithstanding the possibility of termination);

- termination of the agreement may be made via an agreement between the supplier and the customer or by the 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 concurrently with the entering of the agreement, the compliance with its 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 Regulation and the Network Access Regulation.

Interested parties may present to IRSE 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). IRSE's decisions are binding for the SEP entities which are targeted by such decisions.

In a pre-judicial stage, it is possible to file claims before the relevant SEP entity regarding which there is a contractual or commercial relationship; the SEP entity must in turn respond to the claims directed to them within 30 days. There is also the possibility to resort to mediation and conciliation procedures through which IRSE may, respectively, take a position on the resolution of the conflict or suggest that the parties agree on the resolution of the dispute.

In what regards jurisdictional conflict resolution, the above mentioned regulations privilege the 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.

19.4.4 Tariffs

The tariff system of the electricity sector in Angola has, since 2011, with the approval of the Tariff Regulation, general rules and criteria for the setting of tariffs and electricity prices to be practiced and complied with by the entities which undertake activities of generation, transmission, distribution and use of electricity (regardless of whether or not they are connected to SEP) as well as for the setting out of costs to be transferred to the tariffs and the fixing of the allowed revenues to be attributed to the entities which undertake activities of transmission and distribution.

Setting of tariffs in the electricity sector is oriented by 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 equilibria 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 of the Government, under the proposal of IRSE and is applied by the RNT concessionaire and by the distribution companies to the users connected to their grids. The actual value of the tariffs is calculated from the formulae established in the Tariff Regulation.

Pursuant to the provisions of this regulation, the costs which may be transferred to the tariffs are based on the costs of the entities which explore the transmission and distribution networks, accrued of 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 over their efficient investments.

In what regards the allowed revenues on distribution costs, the calculation of said costs is made taking into account two components: *(i)* the remuneration of the activity of distribution through high, medium and low voltage (named 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).

19.5 Petroleum

The Constitution of Angola stipulates that oil fields in the on-shore and off-shore areas of Angolan territory, in internal waters, in territorial sea, in the exclusive economic zone and on continental shelf are part of the public domain of the State.

The mining rights for oil fields are assigned to the national concessionaire, Sociedade Nacional de Combustível de Angola, Empresa Pública, Sonangol, E.P. ("National Concessionaire"), which cannot assign these mining rights.

The rules of access to and pursuit of petroleum operations, that is, prospecting, exploration, appraisal, development and production of crude oil and natural gas activities are regulated by Act 10/04 of November 12 (Petroleum Act/"*Lei das Actividades Petrolíferas*") and Decree 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 licence issued by the Ministry of Petroleum, or an oil concession, awarded by the Government.

19.5.1 Prospecting licence

Any upstanding domestic or foreign company having the necessary technical and financial capacity may apply to the Minister of Petroleum for the issue of a prospecting licence to determine the petroleum potential of a given area.

The maximum term of the prospecting licence is three years and it may exceptionally be extended at the request of the licensee.

The prospecting licence entitles the applicant to conduct geological, geochemical and geophysical research, and the processing, analysis and interpretation of the acquired data, as well as 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 licence 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 licence are State property and may be used by the licensee and the National Concessionaire. The Ministry of Petroleum may authorise the sale of the data by the licensee, after a hearing of the National Concessionaire, the net proceeds of such sales being shared by the licensee and the National Concessionaire.

A prospecting licence is extinguished by rescission, termination or expiry. There may be rescission if the licensee fails to fulfil its obligations or if *force majeure* prevents it. The licensee may terminate it if it shall have fulfilled all its obligations under the licence. Lastly, the licence lapses on expiry of its validity period, on the extinction of its holder or as a result of fulfilment of a resolutive condition provided for therein.

19.5.2 Petroleum concession

For petroleum operations outside the scope of a prospecting licence, the interested companies 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, and performing studies, 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, 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 concluded 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 the concessions and their different periods and phases are laid down in the concession decree.

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, the National Concessionaire requests the Ministry of Petroleum to issue a public call for tenders for the selection of the companies that will become associates for oil exploration and production in a given area. The assignment of the standing as associate of the National Concessionaire by direct negotiation may only occur when, after a public call for tenders, such standing shall not have been assigned for lack of tenders or because the Ministry of Petroleum considered the tenders unsatisfactory.

The 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 the concession because of 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 the concession may occur if the oil operations are not undertaken, if any reservoir is abandoned without the authorisation of the Minister of Petroleum, 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 the concession area at any time during the production period, provided it shall have fulfilled all its legal and contractual obligations (the waiver must also be signed by the associates of the National Concessionaire, if any);

- the 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 on-going 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 fulfilment of a resolutive condition provided for in the concession decree.

Once the concession is extinguished, all property acquired for the performance of petroleum operations and all the technical and economic data obtained during their execution shall revert to the National Concessionaire.

19.5.3 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 Decree 48/06 of September 1.

19.5.4 Investment risk during the exploration period

Risk of investment 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.

19.5.5 Local content

Companies that are granted prospecting licences, companies that are granted oil concessions in association with the National Concessionaire and the National Concessionaire, as well as the companies that co-operate with them in petroleum operations, shall acquire Angolan materials and equipment and hire Angolan service providers, insofar as they 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. Consultation of Angolan companies under the same conditions as the consultation of foreign companies is mandatory.

Additionally, the associates of the National Concessionaire shall participate in the efforts of integration, training and professional promotion of 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.

19.5.6 The downstream and midstream sectors

The operations of crude oil refining and the storage, transportation, distribution and commercialisation of petroleum products undertaken by refinery operators, storage operators, transportation operators, distribution operators, wholesalers and retailers are governed by Act 28/11 of September 1 (Oil and Gas Distribution and Commercialization Act/"*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 132/13 of September 5, which approved, *inter alia*, the rules applicable to the refining of crude oil, the storage of petroleum products and their transportation by pipeline or the operation of wholesale and retail markets.

Moreover, Act 26/12 of August 22 (Oil and Gas Storage and Transportation Act/"*Lei do Transporte e Armazenamento de Petróleo Bruto e Gás Natural*") came into force setting forth the rules applicable to the transport and storage of crude oil and natural gas connected with petroleum operations carried out under the Petroleum Act.

19.5.7 Guarantee of compliance

Upon the issue of a prospecting licence 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 assumed. In the case of a

prospecting licence, the amount of the guarantee shall be 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 National Concessionaire may also require its associates to present a parent company guarantee.

19.5.8 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 Petroleum may allow associated gas flaring to render possible the exploitation of small reservoirs.

19.5.9 Supervision of petroleum operations

The activity of the licensees, the associates of the National Concessionaire and the National Concessionaire related with petroleum operations is overseen by the Ministry of Petroleum.

The Ministry of Petroleum may be assisted by qualified entities appointed by it in its duties of inspection, supervision, verification, and technical, economic and administrative control of the licensees, the associates of the National Concessionaire and the National Concessionaire, and shall have free access to all sites and facilities where these activities are carried on.

The initiative for the initiation and preparation of infringement procedures and the application of the respective fines is the responsibility of the Ministry of Petroleum. Fines for breaches of the Petroleum Operations Regulation may vary from AOA 3.7 million (approximately USD 27,200) to AOA 111 million (approximately USD 816,300).

19.5.10 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 of need for domestic consumption and of requisition as described hereunder.

The Government may require the National Concessionaire and its associates to provide to an entity designated by it, from the respective share of the production, an amount of oil to meet Angolan domestic consumption needs. 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.

19.5.11 Disputes

Disputes between the Ministry of Petroleum 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 shall sit in Angola under Angolan law and the arbitration shall be conducted in Portuguese.

19.6 Natural gas

Resolution 17/01 of October 12 declared the public interest of activities involving reception and processing of gas, of production of liquefied natural gas (LNG) and their marketing (Angola LNG Project/"*Projecto Angola LNG*").

This 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 balance between the interests of the Angolan State and a fair return and compensation for the promoters' investment risk.

In this connection, Decree-Law 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 Act/"*Lei das Actividades Petrolíferas*", the Taxation of Petroleum Activities Act/"*Lei sobre a Tributação das Actividades Petrolíferas*" and Act 11/04 of November 12 on the Customs procedure applicable to the oil industry. Thus, for example, the Project Legislation introduces alterations to the levy, taxpayers and tax rate on oil income, increases the list of goods exempt from Customs Duties and creates a special exchange-rate mechanism where those activities are performed under the Angola LNG Project.

Furthermore, activities related with the storage, transportation, distribution and sale of gas products are mainly governed by Oil and Gas Distribution and Commercialization Act ("*Lei sobre a Refinação de Petróleo Bruto, Armazenamento, Transporte, Distribuição e Comercialização de Produtos Petrolíferos*", Act 28/11 of September 1) while the transport and storage of natural gas arising from the operations carried out under the Petroleum Act is governed by Oil and Gas Storage and Transport Act ("*Lei do Transporte e Armazenamento de Petróleo Bruto e Gás Natural*", Act 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 the principles of transparency and economic efficiency, the Project Legislation (except for goods and services related to non-associated gas operations) precludes the application of Decree 48/06 of September 1, which establishes the rules of public tenders for the procurement of goods and services required for petroleum operations.

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 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), diversifying the energy matrix of Angola.

The Biofuels Act also stipulates that the incentives to be granted to the pursuit of activities related to the production of biofuels are those defined in Act 20/11 of May 20 (Private Investment Act/"*Lei do Investimento Privado*") and Act 17/03 of July 25 (Tax and Customs Incentives for Private Investment Act/"*Lei sobre os Incentivos Fiscais e Aduaneiros ao Investimento Privado*", as amended by the Private Investment Act), alongside others that come to be defined.

Created by the Biofuels Act, the Biofuels Commission is chaired by the Ministry of Petroleum and comprises the Ministries of the Economy, Agriculture and Rural Development, Justice, Industry and Geology and Mines, Energy and Water and the Environment. Among the responsibilities of this Commission are: promotion of agro-industrial activities; support for the process of granting land rights over lands of poor soils with potential for cultivation of plants for the production of biofuels; inspection and supervision of 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; analysis and issue of opinions on investment projects of agro-industrial activities linked with biofuels before the National Private Investment Agency carries out the respective approval process; and undertaking, in collaboration with the Ministry of Finance, the process of fixing prices and respective corrections, alterations and updates.

The land right to be allocated to farmers and industrial entities to carry on economic activities related to the cultivation of 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 are extinguished, 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 shall take place within a maximum of six years.

The agro-industrial facilities shall be constructed on the land on which land rights were established for the cultivation of sugar cane and other plants intended solely for the production of biofuels.

Provided they demonstrably have the technical, economic and financial capability, the following entities may be holders of industrial projects related to biofuels: *(i)* State-owned companies and/or associated with Angolan natural and corporate persons; *(ii)* natural and corporate persons of Angolan nationality; *(iii)* commercial companies and co-operatives established in Angola; and *(iv)* natural persons of foreign nationality and commercial companies having their registered office abroad, always in association with natural or corporate persons of Angolan nationality.

Such holders of projects related to biofuels must preferably employ mostly Angolan workers and use domestic goods and services.

Additionally, agro-industrial projects for the production of biofuels shall include infrastructure of a social nature, such as housing, childcare, schools, hospitals and health centres, and recreational and sports facilities, with basic sanitation, lighting, piped fresh water 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 this infrastructure shall be for the account of the investors, who also participate in the efforts of the Government and local authorities in respect of costs related with access roads and social health and transport structures.

Agro-industrial investors related to biofuel production are also obliged, in particular: *(i)* to provide the National Concessionaire under a contract of sale, part of the production required to meet domestic-consumption needs; *(ii)* not to use the land on which land rights have been constituted for purposes other than those for which they are 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 byways that rural people use to gather water, firewood, charcoal and game and to visit nearby villages; and *(v)* to restore the land as naturally as possible on conclusion of the project.

In keeping with the polluter-payer principle, 1% of the profits of the biofuel operation shall 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 and incentives, and the revocation of the authorisation to pursue the business (sanctions that are applied by the National Private Investment Agency), and, in certain cases, may involve criminal liability.

20. Facts and Figures regarding the Republic of Angola

Capital: Luanda.

Population: approximately 24 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, Kwanza-Norte, Kwanza-Sul, KuandoKubango, Huambo, Huíla, Luanda, Lunda-Norte, Lunda-Sul, Malange, Moxico, Namibe, Uíge and Zaire.

Major cities: Luanda, Benguela e Lobito (Benguela), Lubango (Huíla), Huambo (Huambo).

Major ports: Luanda, Lobito and Namibe.

Major airports: 4 de Fevereiro International Airport (Luanda), Mukanka International Airport (Lubango), Catumbela International Airport (Benguela).

Languages: Portuguese (official language); Kimbundu, Umbundo, Kikongo, Ngangela, Fiote, Ttchokwe, among others.

Form and system of government: presidential republic.

Legal system: Roman-Germanic matrix.

International organisations: 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 September 2015, the reference exchange rate of the Kwanza against the United States Dollar was 135,977.

Time zone: WAT (UTC+1).

Public bodies and other entities having an Internet website:

Angolan Sovereign Fund (*Fundo Soberano de Angola*)
http://www.fundosoberano.ao/

Angolan Stock Exchange (*Bolsa de Dívida e Valores de Angola*)
http://www.bolsadeangola.com/

Capital Market Commission (*Comissão do Mercado de Capitais*)
http://www.cmc.gv.ao/

Citizen's Portal (*Portal do Cidadão*)
http://www.cidadao.gov.ao/

Court of Auditors (*Tribunal de Contas*)
http://www.tcontas.ao/

General Tax Administration (A*dministração Geral Tributária*)
http://www.agt.minfin.gov.ao/

Government of Angola (*Governo da República de Angola*)
http://www.governo.gov.ao/

Integrated Citizen Attendance Service (*Serviço Integrado de Atendimento ao Cidadão*)
http://www.siac.gv.ao/

Migration and Foreigners Service (*Serviço de Migração e Estrangeiros*)
http://www.sme.ao/

Ministry of Agriculture and Rural Development (*Ministério da Agricultura*

e Desenvolvimento Rural)
http://www.minaderp.gov.ao/

Ministry of Economy (*Ministério da Economia*)
http://www.minec.gov.ao/

Ministry of Energy and Waters (*Ministério da Energia e Águas*)
http://www.minerg.gv.ao/

Ministry of Finance (*Ministério das Finanças)*
http://www.minfin.gv.ao/

Ministry of Fisheries (*Ministério das Pescas*)
http://www.minpescas.gov.ao/

Ministry of Geology and Mining (*Ministério da Geologia e Minas*)
http://www.mgm.gov.ao/

Ministry of Hotels and Tourism (*Ministério da Hotelaria e Turismo*)
http://www.minhotur.gov.ao/

Ministry of Industry (*Ministério da Indústria*)
http://www.mind.gov.ao/

Ministry of Justice and Human Rights (*Ministério da Justiça e Direitos Humanos*)
http://www.minjusdh.gov.ao/

Ministry of Petroleum (*Ministério dos Petróleos*)
http://www.minpet.gov.ao/

Ministry of Planning and Territorial Development (*Ministério do Planeamento e Desenvolvimento Territorial*)
http://www.mpdt.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 Trade (*Ministério do Comércio*)
http://www.minco.gov.ao/

National Agency for Promotion of Investment and Exportations of Angola (*Agência para a Promoção do Investimento e Exportações de Angola*)
http://www.anip.co.ao/

National Assembly of Angola (*Assembleia Nacional de Angola*)
http://www.parlamento.ao/

National Bank of Angola (*Banco Nacional de Angola*)
http://www.bna.ao/

National Social Security Institute (*Instituto Nacional de Segurança Social*)
http://www.inss.gv.ao/

One-Stop Shop for Business (*Guichê Único da Empresa*)
http://gue.minjus-ao.com/

Supreme Court (*Tribunal Supremo*)
http://www.tribunalsupremo.ao/

MLGTS Legal Circle

MLGTS Legal Circle was created by **Morais Leitão, Galvão Teles, Soares da Silva & Associados (MLGTS)**, 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 that delivers high quality legal services to clients around the world. It encompasses a select set of jurisdictions including Portugal, Angola, Macau (China) and Mozambique.

Working in close cooperation, the member firms of the **MLGTS Legal Circle** combine their local knowledge with the international experience and support of the whole network, which enables each firm to maximise 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 **MLGTS 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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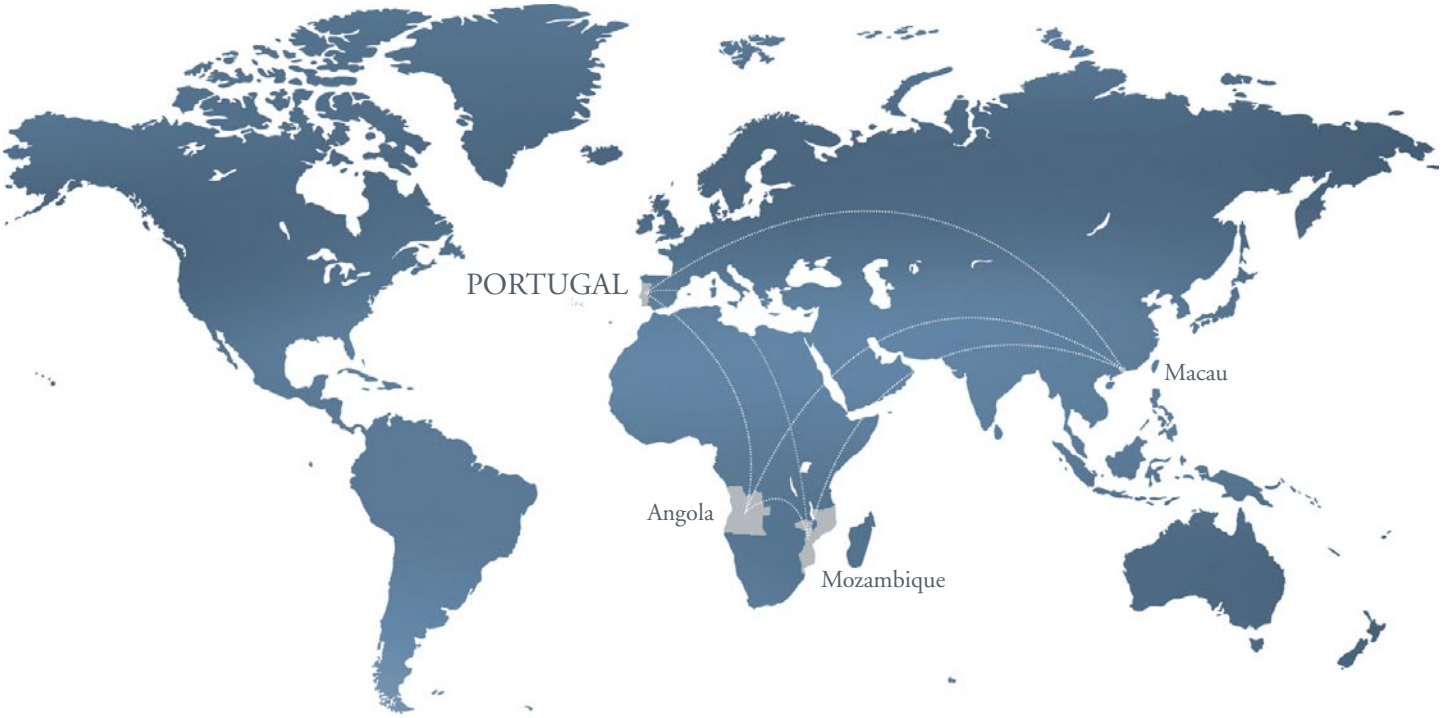

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