

WHAT IS TAX ON  
RENTAL OF THE INDIVIDUALS  
SINGULARS

LEI No. 33/2007 IN 31 FROM DECEMBER

CHANGED BY LEI 20/2013 IN 23 IN SEPTEMBER

UPDATED ON NOVEMBER OF 2013

# INDEX

<b>PREAMBLE</b> .....	<b>1</b>
<b>CHAPTER I – INCIDENCE</b> .....	<b>two</b>
<i>SECTION I – Actual incidence</i> .....	<i>two</i>
ARTICLE 1 – (Nature of Tax) .....	two
ARTICLE 2 – (First Category) .....	two
ARTICLE 3 – (Additional remuneration).....	3
ARTICLE 4 – (Other income from dependent work).....	3
ARTICLE 5 – (Pensions).....	4
ARTICLE 6 – (Non-taxable dependent employment income) .....	5
ARTICLE 7 – (Exempt income from the first category).....	5
ARTICLE 8 – (Second Category).....	5
ARTICLE 9 – (Commercial and industrial, agricultural, forestry or livestock activities) .....	6
ARTICLE 10 – (Third Category) .....	7
ARTICLE 11 – (Determination of Swap gains) .....	9
ARTICLE 12 – (Giving event for capital income) .....	10
ARTICLE 13 – (Concept of capital gains) .....	10
ARTICLE 14 – (Exchange of shares) .....	11
ARTICLE 15 – (Fourth Category) .....	12
ARTICLE 16 – (Fifth Category) .....	12
ARTICLE 17 – (Equity increases) .....	12
<i>SECTION II – Personal impact</i> .....	<i>13</i>
ARTICLE 18 – (Taxable subject) .....	13
ARTICLE 19 – (De facto unions) .....	15
ARTICLE 20 – (Scope of subjection).....	15
ARTICLE 21 – (Residence) .....	15
ARTICLE 22 – (Income obtained in Mozambique) .....	16
ARTICLE 23 – (Co-ownership of income) .....	17
ARTICLE 24 – (Special imputation) .....	17
ARTICLE 25 – (Tax substitution).....	18
<b>CHAPTER II – DETERMINATION OF COLLECTABLE INCOME</b> .....	<b>.19</b>
<i>SECTION I – General rules</i> .....	<i>19</i>
ARTICLE 26 – (Encompassment).....	19
ARTICLE 27 – (Values set in currency other than the metical) .....	20
ARTICLE 28 – (Income in kind) .....	20
<i>SECTION II – Income from dependent work</i> .....	<i>21</i>
ARTICLE 29 – (Determination of taxable income) .....	21
<i>SECTION III – Business and professional income</i> .....	<i>21</i>
ARTICLE 30 – (Methods of determining taxable income) .....	21
ARTICLE 31 – (Imputation) .....	22

## INDEX

ARTICLE 32 – (Isolated Acts) .....	22
ARTICLE 33 – (Simplified regime for determining taxable income) .....	22
ARTICLE 34 – (Remission).....	23
ARTICLE 35 – (Non-deductible charges for tax purposes) .....	24
ARTICLE 36 – (Deduction of tax losses).....	24
ARTICLE 37 – (Realization of share capital with input of business assets) .....	24
ARTICLE 38 – (Application of Indirect methods).....	25
<i>SECTION IV – Income from capital and capital gains.....</i>	<i>26</i>
ARTICLE 39 – (Determination of capital income) .....	26
ARTICLE 40 – (Determination of capital gains) .....	26
ARTICLE 41 – (Realization values) .....	28
ARTICLE 42 – (Free acquisition value).....	28
ARTICLE 43 – (Value of acquisition of Real Estate assets for consideration) .....	28
ARTICLE 44 – (Equivalence to the acquisition value) .....	29
ARTICLE 45 – (Value of acquisition for consideration of shares and other securities).....	29
ARTICLE 46 – (Value of acquisition for consideration of other assets and rights) .....	29
ARTICLE 47 – (Expenses and charges) .....	29
<i>SECTION V – Property income .....</i>	<i>29</i>
ARTICLE 48 – (Determination of property income) .....	29
<i>SECTION VI – Other income.....</i>	<i>30</i>
ARTICLE 49 – (Determination of taxable income) .....	30
<i>SECTION VII – Deduction of losses .....</i>	<i>30</i>
ARTICLE 50 – (Loss deductions).....	30
<i>SECTION VIII – Rebates .....</i>	<i>31</i>
ARTICLE 51 – (Reductions from total net income).....	31
<i>SECTION IX – Process for determining taxable income.....</i>	<i>31</i>
ARTICLE 52 – (Income declaration) .....	31
ARTICLE 53 – (Bases for calculating, fixing or changing income) .....	31
<b>CHAPTER III – FEES.....</b>	<b>33</b>
ARTICLE 54 – (General fees) .....	33
ARTICLE 55 – (Marital quotient) .....	33
ARTICLE 56 – (Non-taxable minimum) .....	34
ARTICLE 57 – (Release fees) .....	34
<b>CHAPTER IV – SETTLEMENT .....</b>	<b>37</b>
ARTICLE 58 – (Competence for liquidation) .....	37
ARTICLE 59 – (Deductions from tax collection) .....	37
ARTICLE 61 – (Tax Credit for International Double Taxation).....	38
ARTICLE 62 – (Minimum limits) .....	39

# INDEX

ARTICLE 63 – (Official Tax Refund) .....	39
<b>CHAPTER V – PAYMENT.....</b>	<b>40</b>
ARTICLE 64 – (Payment of Tax) .....	40
ARTICLE 65 – (Withholding tax).....	40
ARTICLE 65-A – (Withholding tax on income from dependent employment).....	41
ARTICLE 66 – (Payments on account) .....	42
ARTICLE 67 – (Liability in case of replacement) .....	42
ARTICLE 68 – (Compensation) .....	43
ARTICLE 69 – (Interest on late payment).....	43
ARTICLE 70 – (Credit privileges).....	43
ARTICLE 71 – (Payment of income to non-resident taxpayers).....	43
<b>CHAPTER VI – ACCESSORY OBLIGATIONS .....</b>	<b>44</b>
ARTICLE 72 – (Accounting obligations) .....	44
ARTICLE 73 – (Simplified bookkeeping regime) .....	44
ARTICLE 74 – (Option for organized accounting) .....	44
<b>ATTACHMENT .....</b>	<b>45</b>
<b>WHY BDO?.....</b>	<b>46</b>

## PREAMBLE

If there is a need to reformulate income taxes, established by Law no. 15/2002, of 26 June, introducing changes to the direct taxation that affects the income of natural persons, the Assembly of the Republic, under the provisions of no. article 127, combined with paragraph o) of paragraph 2 of article 179, both of the Constitution of the republic, determines:

**Article 1:** The Personal Income Tax Code is approved, annexed to this Law, forming an integral part of it.

**Article 2:** The Council of Ministers is responsible for regulating this Law and establishing the necessary procedures to simplify the forms of tax collection, within 90 days, counting from the date of its publication.

**Article 3:** Decree nº 20/2002, of 30 July, its amendments and all complementary legislation that contradicts this Law are revoked.

**Article 4:** This Law comes into force on January 1, 2008, and is applicable to income from the 2008 financial year and beyond.

Approved by the Assembly of the Republic, on December 7, 2007.

The President of the Assembly of the Republic, *Eduardo Joaquim Mulémbwè*.

Enacted on December 31, 2007

Get published.

The President of the Republic, ARMANDO EMÍLIO GUEBUZA.

## CHAPTER I – INCIDENCE

### SECTION I – Actual incidence

#### ARTICLE 1 – (Nature of Tax)

1. Personal Income Tax – IRPS, is a direct tax that is levied on the global annual value of income, even when arising from illicit acts.
2. The income referred to in the previous number comes from the following categories, after making the corresponding deductions and allowances:  
  
First Category: income from dependent work;  
  
Second Category: business and professional income;  
  
Third Category: income from capital and capital gains;  
  
Fourth Category: property income;  
  
Fifth Category: other income.
3. Income, whether in cash or in kind, is subject to taxation, regardless of where it is obtained, the currency and the way in which it is earned.

#### ARTICLE 2 – (First Category)

1. This category includes income from dependent work and pensions and lifetime annuities or income of a comparable nature.
2. Income from dependent employment is considered to be all remuneration paid or made available to the holder, arising from:
  - a) Work for others provided under an individual employment contract or another legally equivalent contract;
  - b) Work provided under a contract for the acquisition of services or another of the same nature, is performed under the authority and direction of the person purchasing the services;
  - c) Exercise of a public function, service or position;
  - d) Pre-retirement, pre-retirement or reservation situations, with or without work provision as well as benefits granted, in any capacity, before the requirements required in the applicable mandatory social security regimes for transition to retirement status have been met or, even if the employment contract does not exist, they are subordinated to the condition of being owed until such requirements are met, even if owed by pension funds or other entities, which replace the original debtor entity.

3. The remuneration referred to in the previous paragraph includes, in particular, wages, salaries, salaries, bonuses, percentages, commissions, shares, subsidies or prizes, attendance fees, emoluments, participation in fines and other additional remunerations, even if periodic, fixed or variables, whether contractual in nature or not.

#### ARTICLE 3 – (Additional remuneration)

1. Ancillary remuneration is considered to include all rights, benefits or privileges not included in the main remuneration that are earned due to or in connection with the provision of work and that constitute an economic advantage for the respective beneficiary, such as:

- a) Family allowances and respective complementary benefits, except where they do not exceed the established legal limits;
- b) Meal allowance, to the extent that it exceeds the legally established minimum wage;
- c) Residence allowances or equivalent or the use of housing provided by the employer, except for own homes located on the premises of the enterprise;
- d) Those resulting from the personal use by the employee or member of a corporate body, of a motor vehicle that generates charges for the employer, when there is a written agreement between the worker or member of the corporate body and the employer, on the attribution to that vehicle car;
- e) The amounts spent by the employer on trips and stays, tourism and similar, not related to the functions performed by the employee at the service of the same entity;
- f) Taxes and other legal charges owed by the employee and which the employer takes upon themselves.

2. For the purposes of the previous paragraph, a worker's income is considered to be benefits or perks granted by the employer to any person in their household or who is linked to them by kinship or affinity.

3. For the purposes of this tax, an employer is considered to be any entity that pays or makes available remuneration that constitutes income from dependent employment under the terms of this article, and any other entity that is in a controlling or group relationship with it is considered equivalent. , regardless of their geographic location.

#### ARTICLE 4 – (Other income from dependent work)

Income from dependent work is also considered:

- a) The remuneration of members of the statutory bodies of legal entities and similar entities;

- b) The amounts that individual entrepreneurs write as remuneration for their work or that provided by people who are part of the respective household;
- c) Allowances for failures due to those who have to handle cash in their work, in the amount that exceeds 5% of the fixed monthly remuneration;
- d) Cost allowances and amounts earned for the use of one's own car on behalf of the employer, to the extent that both exceed the limit of amounts established for State employees, with equivalent or closer fixed remuneration;
- e) Funds for travel, travel or representation expenses that have not been accounted for by the end of the financial year;
- f) Any compensation resulting from the establishment, termination or modification of a legal relationship that generates income from dependent work, including those relating to non-compliance with contractual conditions or due to a change of place of work;
- g) Bonuses received for or as a result of the provision of work, when not awarded by the respective employer.

#### ARTICLE 5 – (Pensions)

1. The following are considered pensions, included in the First category of this tax:

- a) Benefits due as retirement or retirement pensions, old age, disability or survival, as well as others of the same nature and also maintenance pensions;
- b) Benefits paid by insurance companies, pension funds, or any other entities, payable under complementary social security schemes due to contributions from the employer;
- c) Pensions and subsidies not included in the previous paragraphs;
- d) Temporary or lifetime annuities.

2. The redemption or any other form of anticipation of the availability of income provided for in the previous paragraph does not change the nature of pensions.

3. The income referred to in this article is subject to taxation as long as it is paid or made available to the respective holders.



## ARTICLE 6 – (Non-taxable income from dependent work)

They do not constitute taxable income and are therefore not considered when determining taxable income:<sup>1</sup>

a) Benefits made by employers for mandatory social security schemes and those due for complementary social security schemes, which aim exclusively to ensure benefits in the event of retirement, disability or survival;

b) Benefits attributable to the use and enjoyment of social utility and leisure activities maintained by the employer, provided that the criteria established in articles 31 and 33 of the IRPC Code are observed;<sup>two</sup>

c) Services related exclusively to professional training activities for workers, whether these are provided by the employer, or by bodies governed by public law or an entity recognized as having competence in the fields of professional training and rehabilitation by the competent Ministries;

d) Redundancy payments, provided for by law, received or made available to the employee, arising from the termination of the employment contract, at the initiative of the employer or employee, with just cause.

## ARTICLE 7 – (Income from the first category exempt)

The pensions provided for in article 5 and the death benefit are exempt from IRPS.<sup>3</sup>

## ARTICLE 8 – (Second Category)

1. This category includes business and professional income.

2. Business and professional income is considered:

a) Those arising from the exercise of any commercial, industrial, agricultural, forestry or livestock activity;

---

<sup>1</sup>Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: "They do not constitute taxable income and are therefore not included in the determination of taxable income;"

<sup>two</sup>Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: "b) Benefits attributable to the use and enjoyment of socially useful and leisure activities maintained by the employer, provided that the criteria established in articles 24 to 26 of the Code of IRPC;"

<sup>3</sup>Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: "The pensions provided for in article 5 are exempt from Personal Income Tax."

- b) Those earned in the exercise, on one's own account, of any service provision activity, even if connected with any activity mentioned in the previous paragraph;
- c) Those arising from intellectual or industrial property or the provision of information relating to experience acquired in the industrial, commercial or scientific sector, when obtained by its original holder;
- d) Those resulting from artistic, sporting and/or cultural activities.

3. Income from this category is also considered:

- a) Property income attributable to business and professional activities;
- b) Capital income attributable to business and professional activities;
- c) Capital gains determined in the context of business and professional activities, defined in accordance with the IRPC code, namely those resulting from the transfer to the private assets of entrepreneurs of any assets allocated to the company's assets;
- d) The amounts received, by way of compensation, related to the activity carried out, namely its reduction, suspension and cessation, as well as the change in the location of the respective exercise;
- e) The amounts relating to the temporary transfer of the operation of an establishment;
- f) Subsidies or subsidies within the scope of the activity covered in paragraph a) of paragraph 2;
- g) Subsidies or subsidies within the scope of the activity covered in paragraph b) of paragraph 2;
- h) Those arising from the practice of isolated acts relating to the activity covered in paragraph a) of paragraph 2;
- i) Those arising from the practice of isolated acts relating to the activity covered in paragraph b) of paragraph 2;

4. For the purposes of the provisions of paragraphs h) and i) of the previous paragraph, income arising from isolated acts is considered to be those that do not result from a predictable or repeated practice.

5. For the purposes of this tax, copyright and related rights are considered to arise from intellectual property

#### ARTICLE 9 – (Commercial and industrial, agricultural, forestry or livestock activities)

1. For the purposes of the provisions of the previous article, commercial and industrial activities are considered, namely, the following:

- a) Purchase and sale;
- b) Manufacturing;
- c) Fishing;

- d) Mining explorations and other extractive industries;
- e) Transport;
- f) Civil construction;
- g) Urban planning and exploration of subdivisions;
- h) Hotel and similar activities, restaurants and drinks, as well as the sale or exploitation of the real right of periodic occupancy;
- i) Travel and tourism agencies;
- j) Crafts;
- k) Agricultural and livestock activities not linked to the exploitation of land or where the latter is clearly accessory in nature;
- l) Agricultural, forestry and livestock activities integrated into others of a commercial or industrial nature.

2. For the purposes of the provisions of the previous article, agricultural, forestry or livestock activities are considered, namely, the following:

- a) Commercial or industrial ones, merely ancillary or complementary to those, which use, exclusively, products from their own agricultural, forestry or livestock farms;
- b) Hunting and exploitation of natural pastures, water and other spontaneous products, exploited directly or by third parties;
- c) Marine exploration of salt, algae and others;
- d) Beekeeping farms;
- e) Research and obtaining new animal and plant varieties, dependent on those activities.

#### ARTICLE 10 – (Third Category)

1. This category includes income from capital and income from capital gains.

2. Capital income is considered to be:

- a) Interest and profits, including those accrued in liquidation, made available to the members of the companies or the member in a participation or quota association contract, as well as the amounts made available to the members of the cooperatives by way of remuneration of capital; income derived from participation securities, investment fund certificates, bonds, and other analogues or from repo operations;

- b) Income arising from the deferral of an installment or late payment;
- c) Income from contracts whose purpose is the transfer or temporary use of intellectual or industrial property rights or the provision of information regarding experience acquired in the industrial, commercial or scientific sector, when not earned by its author or original holder, or even those derived from technical assistance and the use or concession of the use of agricultural, industrial, commercial or scientific equipment.
3. Capital income is also considered to be the fruits and other economic advantages, whatever their nature or denomination, whether pecuniary or in kind, arising, directly or indirectly, from patrimonial elements, goods, rights or legal situations, of a nature movable property, as well as its modification, transmission or termination, with the exception of gains and other income taxed in other categories.
4. The fruits and economic advantages referred to in the previous paragraph include, in particular:
- a) Interest and other forms of remuneration arising from loan agreements, credit opening, repo and others that provide, for consideration, the temporary availability of money or other fungible things;
- b) Interest and other forms of remuneration derived from time deposits in financial institutions;
- c) Interest, amortization or reimbursement premiums and other forms of remuneration on public debt securities, bonds, participation securities, consignment certificates, cash bonds or other similar securities, issued by public or private entities and others financial investment instruments, namely bills, promissory notes and other negotiable credit instruments, as long as they are used under these conditions;
- d) Interest and other forms of remuneration for supplies, allowances or capital advances made by partners to the company;
- e) Interest and other forms of remuneration due due to the fact that the partners do not withdraw the profits or remuneration made available to them;
- f) The balance of interest calculated in a current account contract;
- g) Interest or any increase in monetary credit resulting from the delay in the respective due date or delay in payment, whether legal or contractual, with the exception of interest owed to the state or other public entities for delay in settlement or delay in payment of any contributions, taxes or fees;

- h) The profits of entities subject to IRPC made available to their respective associates or holders, including advances on account of profits, excluding those referred to in article 24;<sup>4</sup>
- i) The value attributed to associates as a result of the sharing that, under the terms of corporate income tax, is considered income from investment of capital, as well as the value attributed to associates in the amortization of shares without capital reduction;
- j) Income from investment fund participation units;
- k) The income earned by the member in the participation association and in the quota association, as well as, in the latter, the income referred to in paragraph h) and earned by the member after deducting the benefit owed to the member;
- l) Income from contracts whose object is the transfer or temporary use of intellectual or industrial property rights or the provision of information relating to experience acquired in the industrial, commercial or scientific sector, when not earned by the respective author or original holder, as well as derivatives of technical assistance;
- m) Income arising from the use or concession of the use of agricultural and industrial, commercial or scientific equipment, when they do not constitute property income and income from the provision, sporadic or continuous, of computer equipment and networks, including data transmission or provision of installed computing capacity in any of its possible forms;
- n) Interest not included in other paragraphs of this article posted to any current accounts;
- o) Any other income derived from the simple investment of capital;
- p) Gains arising from foreign exchange swaps, interest rate swaps, interest rate and currency swaps and forward foreign exchange operations, provided that, in the latter case, they have an underlying element, namely deposits or securities, which ensure risk coverage.
5. In the case of derivative financial instruments, the provisions of paragraph 11 of article 59 of the IRPC Code are applicable, with the necessary adaptations, for IRPS purposes.

#### ARTICLE 11 – (Determination of Swap gains)

1. Without prejudice to the provisions of the following paragraph, in the cases provided for in paragraph p) of paragraph 4 of the previous article, the gain subject to tax is constituted:

---

<sup>4</sup>Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: "h) The profits of entities subject to IRPC made available to their respective associates or holders, including advances on account of profits, excluding those referred to in article 25. "

a) In the case of foreign exchange swaps or forward foreign exchange operations, the positive difference between the exchange rate agreed for the sale or purchase on the future date and the spot exchange rate verified on the day the contract was signed for the same pair of coins;

b) In the case of interest rate or currency swaps, due to the positive difference between interest rates and, in the second case, due to the exchange rate gains relating to the capital exchanged.

2. In the event of the assignment or cancellation of a swap or forward exchange transaction, with payment and receipt of settlement values, the respective gains constitute income for the purposes of paragraph p) of paragraph 4 of the previous article, applying: with the necessary adaptations, the provisions of article 60 of the IRPC code.

#### ARTICLE 12 – (Giving event for capital income)

1. The income referred to in article 10 is subject to taxation from the moment that:

a) If they win;

b) Due date is assumed;

c) They are made available to their holder;

d) They are liquidated; or

e) From the date of calculation of the respective quantity.

2. In the case of loans, deposits and credit openings, interest, including partially presumed interest, is considered to fall due on the stipulated date, or, in its absence, on the date of repayment of the capital, except for fully presumed interest, the due date of which is considered to occur on December 31st of each year or on the date of reimbursement, if earlier.

#### ARTICLE 13 – (Concept of capital gains)

1. Gains obtained which, not being considered commercial, industrial, agricultural, capital or property income, result from:

a) Onerous transfer of real rights over real estate and allocation of any private assets to business and professional activities carried out in the individual name by their owner;

b) Costly sale of shares, including their redemption and amortization with reduction of capital and other securities;

c) Onerous transfer of intellectual or industrial property or experience acquired in the commercial, industrial or scientific sector, when the transferor is not its original owner;

d) Onerous assignment of contractual positions or other rights inherent to contracts relating to real estate;

e) Positive net income, calculated each year, arising from operations relating to derivative financial instruments, with the exception of the gains provided for in paragraph p) of paragraph 4 of article 10.

2. Gains are considered obtained at the time of carrying out the acts provided for in paragraph 1, without prejudice to the provisions of the following paragraphs:

a) In cases of a promise to buy and sell or exchange, it is assumed that the gain is obtained as soon as the tradition or possession of the goods or rights subject to the contract is verified;

b) In cases of allocation of any private assets to the business and professional activity carried out by its owner, the gain is only considered obtained at the time of the subsequent onerous sale of the assets in question or the occurrence of another fact that determines the determination of results under similar conditions.

3. The gain subject to IRPS consists of:

a) For the difference between the realization value and the acquisition value, net of the part qualified as capital income, where appropriate, in the cases provided for in subparagraphs a), b) and c);

b) For the amount received by the transferor, deducted from the price by which he eventually obtained the rights and assets subject to transfer, in the case provided for in paragraph d) of paragraph 1.

#### ARTICLE 14 – (Exchange of shares)

1. In the event of an exchange of shares under the conditions mentioned in paragraphs 1 and 3 of article 57 of the IRPC Code, the attribution, as a result of this exchange, of securities representing the share capital of the acquiring company to the shareholders of the acquired company does not give rise to any taxation of the latter if they continue to appreciate in value, for the purposes tax, the new shares for the value of the old ones, determined in accordance with the provisions of this Code, without prejudice to the taxation relating to the amounts in money that may be attributed to them:

2. For the purposes of the provisions of the previous paragraph, the following is also observed:

a) If the partner loses the status of resident in Mozambican territory, before the period corresponding to the sum of the periods in which the shares delivered and the shares received in exchange have elapsed, there is room for consideration in the third category, for taxation purposes relating to the year in which the loss of resident status occurs, the value that, by virtue of the provisions of paragraph 1 of this article, was not taxed upon the exchange of shares, which corresponds to the difference between the real value of the shares received and the acquisition value of the old ones, determined in accordance with the provisions of this code

b) The special regime applicable to mergers and divisions of resident companies is applicable, with the necessary adaptations.

3. What is established in paragraphs 1 and 2 is also applicable, with the necessary adaptations, in relation to the attribution of parts, quotas or shares, in cases of mergers or splits and entry of assets involving persons other than companies under the terms to be regulated.

#### ARTICLE 15 – (Fourth Category)

1. This category of property income includes rents from rural and urban buildings, paid or made available to the respective holders, as well as those arising from the transfer of the operation of commercial or industrial establishments, including movable assets therein.

2. The following are considered as income:

a) The amounts relating to the transfer of the use of the building or part of it and the services related to that transfer;

b) Amounts relating to the rental of machinery and furniture installed in the leased property;

c) The difference, earned by the sublessor, between the rent received from the sublessee and that paid to the landlord;

d) Amounts relating to the transfer of total or partial use of real estate, for advertising or other special purposes;

e) The amounts related to the transfer of the use of common parts of buildings under horizontal property regime;

f) The amounts relating to the constitution, for consideration, of temporary real rights of enjoyment, even for life, over rustic or urban properties.

#### ARTICLE 16 – (Fifth Category)

This category includes the following income:

a) Cash winnings, actually paid or made available, from social entertainment games, namely: lotteries, raffles, mutual bets, lotto, totoloto, bingo, sweepstakes, competitions and other modalities governed by Law No. 9/94, September 14th; It is

b) Asset increases, as long as they are not considered income from other categories.

#### ARTICLE 17 – (Equity increases)

The following constitute asset increases, as long as they are not considered income from other categories:



- a) Compensation aimed at repairing unproven emerging damages and lost profits, considering as such only those intended to compensate for the net benefits no longer obtained as a result of the injury;
- b) Amounts attributed due to the assumption of non-compete obligations, regardless of the respective source or title;
- c) Unjustified asset additions, which have been determined indirectly.

## SECTION II – Personal impact

### ARTICLE 18 – (Passive subject)

1. Individuals residing in Mozambican territory and those who, while not residing there, obtain income here, are subject to IRPS.

2. If there is a family unit, the tax is payable individually, for each person who constitutes it and for the income they have.<sup>5</sup>

3. The household is made up of:

- a) For each of the spouses, and their dependents;
- b) By the unmarried father or mother and their dependents;
- c) By the unmarried adopter and his dependents.<sup>6</sup>

4. For the purposes of this tax, the following are considered dependents:<sup>7</sup>

- a) Children, adopted and stepchildren, non-emancipated minors;
- b) Children, adopted and stepchildren, who are adults, who, not being over 25 years old nor earning an annual income higher than the minimum provided for in article 56, have attended in the year

---

<sup>5</sup>Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: “2. If there is a household, the tax is due on the income of the people who make it up, considering those who are responsible for its management as taxable persons.”

<sup>6</sup>Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: 3. The household consists of:

- a) Spouses not legally separated from persons and property and their dependents;
- b) Each of the spouses or ex-spouses, respectively, in cases of judicial separation of persons and property or declaration of nullity, annulment or dissolution of the marriage and the dependents under their care;
- c) The single father or mother and dependents under their care;
- d) The single adopter and dependents under his care.”

<sup>7</sup>4. Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: “For the purposes of the provisions of the previous paragraph, the following are considered dependents:”

that the tax respects the 12th class, secondary or higher education establishment or normal effective military service completed;<sup>8</sup>

c) Children, adopted and stepchildren, who are adults, unfit for work and to earn a means of subsistence, when they do not earn income higher than the minimum provided for in article 56, in the year to which the tax relates;<sup>9</sup>

d) Minors under guardianship as long as they do not earn any income;

e) Ascendants dependent on the taxpayer, incapable of working and earning a means of subsistence, when they do not earn income above the minimum provided for in article 56, in the year to which the tax relates.<sup>10</sup>

5. The provisions of subparagraphs a), b), c) and e) of the previous paragraph do not affect the autonomous taxation of the people referred to therein except if, in the case of children, adopted or stepchildren, non-emancipated minors, the administration of income by they earned do not belong to them in full.

6. The people referred to in the previous paragraph cannot simultaneously be part of more than one household, nor appear on more than one income declaration.<sup>11</sup>

7. The family situation of taxpayers relevant for taxation purposes is that which occurs on the last day of the year to which the tax relates.<sup>12</sup>

---

<sup>8</sup>b) As amended by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: "Children, adopted and stepchildren, who are adults, who, while not over 25 years old nor earning an annual income greater than the equivalent of 12 minimum wages of the highest national minimum wage, have attended in the year to which the tax relates to class 12, secondary or higher education establishment or completed normal effective military service;"

<sup>9</sup>c) As amended by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: "Children, adopted and stepchildren, adults, unfit for work and earning a means of subsistence, when they do not earn an income greater than the equivalent of 12 minimum wages of the national minimum wage plus high;"

<sup>10</sup>e) As amended by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: "Ascendants dependent on the taxpayer, incapable of working and earning a means of subsistence, when they do not earn income greater than the equivalent of 12 minimum wages of the highest national minimum wage ."

<sup>11</sup>6. Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: "The people referred to in the previous paragraphs cannot, simultaneously, be part of more than one household nor, being part of a household, be considered autonomous taxable persons."

<sup>12</sup>7. Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: "The personal and family situation of taxpayers relevant for taxation purposes is that which occurs on the last day of the year to which the tax relates."

#### ARTICLE 19 – (De facto unions)

Repealed<sup>13</sup>

#### ARTICLE 20 – (Scope of subjection)

1. The IRPS owed by people residing in Mozambican territory is levied on their entire income, including that obtained outside that territory.
2. In the case of non-residents, IRPS is levied only on income obtained in Mozambican territory.

#### ARTICLE 21 – (Residence)

1. Residents in the territory of the Republic of Mozambique are persons who, in the year to which their income relates:
  - a) They have stayed there for more than 180 days, consecutive or interpolated;
  - b) Having stayed for a shorter period of time, they have housing there in conditions that suggest their intention to maintain and occupy it as a permanent residence;
  - c) Carry out public functions or commissions abroad, at the service of the Republic of Mozambique;
  - d) Are crew members of ships or aircraft, as long as they are in the service of entities with residence, headquarters or effective management in Mozambican territory.
2. The people who make up the household are always considered residents in Mozambican territory, as long as any of the people responsible for managing it reside there.
3. It is mandatory to communicate the taxpayer's residence to the tax administration.

---

<sup>13</sup>Wording revoked by article 3 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: "1. People recognized under Law No. 10/2004, of 25 August, Family Law, as living in a de facto union, may opt for the taxation regime for married taxpayers and not legally separated from persons and assets.

2. The application of the regime referred to in the previous number depends on the identity of the tax domicile of the taxpayers during the period required by law to verify the assumptions of the de facto union and during the tax period, as well as the signature, by both , of the respective income statement.

3. In the case of exercising the option provided for in paragraph 1, the provisions of paragraph 2 of article 18 apply, with both parties de facto being responsible for complying with tax obligations."

## ARTICLE 22 – (Income obtained in Mozambique)

1. The following are considered to be obtained in Mozambican territory:

a) Income from dependent employment resulting from activities carried out there, or when such income is owed by entities that have residence, headquarters, effective management or permanent establishment there to which payment must be attributed;

b) The remuneration of members of the statutory bodies of legal entities and other entities, owed by entities that have their residence, headquarters, effective management or permanent establishment to which the payment must be attributed;

c) Income from work provided on board ships and aircraft, provided that its beneficiaries are employed by an entity with residence, headquarters or effective management in that territory;

d) Income arising from intellectual or industrial property, from the provision of information relating to experience acquired in the commercial, industrial or scientific sector, or from the use or concession of the use of agricultural, commercial or scientific equipment, when they do not constitute property income, as well as as derivatives of technical assistance, owed by entities that have residence, headquarters, effective management or permanent establishment to which the payment must be attributed;

e) Income from business and professional activities attributable to a permanent establishment located there, including income from intermediation in the conclusion of any contracts or derived from other services provided or used in Mozambican territory;

f) Other income from investment of capital owed by entities that have residence, headquarters, effective management or permanent establishment there to which payment must be attributed;

g) Income relating to properties located therein, including capital gains resulting from their transfer;

h) Capital gains resulting from the transfer for consideration of parts of the capital of entities that have their headquarters or effective management there or of other securities issued by entities that have their headquarters or effective management there, or of parts of capital or other securities when , if these conditions are not met, the payment of the respective income is attributable to a permanent establishment located there;

i) Capital gains resulting from the sale of assets referred to in paragraph c) of paragraph 1 of article 13, when registration has been carried out or an equivalent formality has been carried out;

j) Pensions and winnings from lottery, mutual betting or other games, owed by an entity that has residence, headquarters, effective management or permanent establishment to which the payment must be attributed;

k) Income from isolated acts carried out there;

l) Asset increments not included in the previous paragraphs, when the assets, rights or legal situations to which they relate are located there;

2. A permanent establishment is understood to be any fixed installation or permanent representation through which one of the activities set out in article 8 is carried out in whole or in part.

3. The provisions of numbers 4 and 5 of article 5 and numbers 2 to 9 of article 3 of the IRPC Code are applicable to IRPS, with the necessary adaptations.

#### ARTICLE 23 – (Co-ownership of income)

Income that belongs in common to several people is attributed to them in proportion to their respective shares, which are presumed equal when undetermined.

#### ARTICLE 24 – (Special imputation)

1. The income of partners or members of the entities referred to in article 6 of the IRPC Code, who are natural persons, is the income resulting from the allocation made in accordance with the terms and conditions contained therein.

2. For the purposes of the provisions of the previous paragraph, the respective amounts are included as taxable income in the Second Category.<sup>14</sup>

3. The income resulting from the allocation made in accordance with the terms and conditions of article 51 of the IRPC Code is the income of partners who are natural persons, applying for this purpose, with the necessary adaptations, the regime established therein.<sup>15</sup>

4. For the purposes of the provisions of the previous paragraph, the respective amounts are included as taxable income in the Second Category, in cases where the social participation is allocated to a business and professional activity, or in the Third Category, in other cases.<sup>16</sup>

---

<sup>14</sup>2. Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: "For the purposes of the provisions of the previous paragraph, the respective amounts are included as net income in the Second Category."

<sup>15</sup>3. Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: "The income of partners who are natural persons constitutes income resulting from the imputation carried out under the terms and conditions of article 44 of the IRPC Code, applying for this purpose, with the necessary adaptations, the regime established there."

**ARTICLE 25 – (Tax replacement)**

When, through tax substitution, this Code requires total or partial payment of the IRPS to a person other than the one in relation to whom the respective assumptions are verified, the substitute is considered, for all legal purposes, as the main debtor of the tax, except the provisions of article 67.

---

<sup>164</sup>. Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: "For the purposes of the provisions of the previous paragraph, the respective amounts are included as net income in the Second Category, in cases where the social participation is allocated to a business activity and, professional, or in the Third Category, in other cases."

## CHAPTER II – DETERMINATION OF COLLECTABLE INCOME

### SECTION I – General rules

#### ARTICLE 26 – (Encompassment)

1. The income taxable in IRPS is that which results from the inclusion of income from the various categories earned each year, after making the deductions and allowances provided for in the following sections.

2. In situations of co-ownership, the merger is carried out under the following terms:

a) In the case of Second Category income, each co-holder receives the part of the taxable profit that falls to him, in proportion to his respective shares;

b) In the case of income from the remaining categories, each co-holder includes the gross income and legally permitted deductions, in proportion to their respective shares.

3. The following are not included for taxation purposes:

a) Income from dependent work;<sup>17</sup>

b) The income referred to in article 57;<sup>18</sup>

c) Income that benefits from exemption.<sup>19</sup>

4. Even if not included for the purposes of taxation, exempt income, when the law imposes the respective inclusion, is always included for the purpose of determining the rate to be applied to other income.

5. When the taxpayer exercises the option referred to in subparagraph a) of paragraph 3, he is therefore obliged to declare all the income included in each of the subparagraphs of article 57, for which he opted for inclusion.

6. When the taxpayer earns income that gives the right to tax credit for international double taxation provided for in article 61, the corresponding income must be considered by the respective gross amounts of income taxes paid abroad.

---

<sup>17</sup>a) As amended by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: "The income referred to in article 57, without prejudice to the option for inclusion provided for by law;"

<sup>18</sup>b) As amended by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: "Income that benefits from exemption."

<sup>19</sup>Wording added by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014.

7. Whenever the law imposes the inclusion of exempt income, these are considered, without deductions, for the purposes of the provisions of article 55, if applicable, and for determining the rate to be applied to the remaining taxable income.

8. For the purposes of the previous paragraph, when the provisions of article 55 are to be applied, the quotient of the division between two exempt incomes is allocated in proportion to the fraction (income corresponding to the rate to be applied).

#### ARTICLE 27 – (Values set in currency other than the metical)

1. The equivalence in meticais of income or charges expressed in another currency will be determined by the official quotation in Mozambique of the respective currency, in accordance with the following rules:

a) In the case of income transferred abroad, the sales exchange rate on the date of the effective transfer or withholding tax, if applicable, applies;

b) In the case of income originating abroad, the purchase exchange rate on the date on which it was paid or made available to the taxpayer in Mozambique applies;

c) In the case of income obtained and paid abroad that is not transferred to Mozambique until the end of the year, the exchange rate applies to the date on which it is paid or made available to the taxpayer;

d) In the case of charges, the rule set out in paragraph a) of this article applies.

2. If it is not possible to prove any of the dates referred to in the previous paragraph, the exchange rate of December 31st, the year to which the income or charges relate, applies.

3. If there is no exchange rate on the dates referred to in paragraph 1, the last exchange rate prior to those dates applies.

#### ARTICLE 28 – (Income in kind)

1. The equivalence in meticais of income in kind is made in accordance with the following rules, which are applied successively:

a) At the officially listed price;

b) By official purchase quotation;

c) At market value, under competitive conditions.

2. When it comes to the use of housing, the income in kind corresponds to the difference between the value of the respective use and the amount paid for that purpose by the beneficiary, observing the following rules when determining this:

a) The value of use is equal to the income supported in replacement by the beneficiary;



- b) If there is no income, the value of use is equal to the value of income determined, according to market value, competitive conditions, but must not exceed one-sixth of the total remuneration received by the beneficiary;
- c) When, for the situation in question, a housing allowance or equivalent is fixed by law when no housing is provided, the use value cannot exceed, in any case, that amount.
3. In the case of interest-free or reduced interest rate loans, the income in kind corresponds to the value obtained by applying to the respective capital the difference between the reference interest rate for the type of operation in question, which corresponds, for this effect at the rediscount rate of the Bank of Mozambique, published by Notice from that Institution and in force at the beginning of each calendar year, and the interest rate that may be borne by the beneficiary.
4. When it comes to the allocation of the use of a motor vehicle by the employer, the annual income corresponds to the product of 0.25% of its acquisition or production cost, by the number of months of use of the vehicle.
5. In the case of acquisition of a vehicle, which has been used under the conditions referred to in the previous paragraph, by the employee or member of the company's governing body, the income corresponds to the positive difference between the respective average market value considered by automotive sector associations and the sum of annual income taxed as income arising from the attribution of use, with the amount paid as the acquisition price.

## **SECTION II – Income from dependent work**

### **ARTICLE 29 – (Determination of taxable income)**

Income from dependent employment subject to tax is that made available to the holder, and no deductions are made.<sup>20</sup>

## **SECTION III – Business and professional income**

### **ARTICLE 30 – (Ways of determining taxable income)**

1. The determination of business and professional income, depending on the case, is based on:

---

<sup>20</sup>Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: "The following amounts are deducted from the gross income of the First Category, for each holder who has earned it:

- a) Union dues;
- b) Compensation paid by the worker to his employer for unilateral termination of the individual employment contract without prior notice as a result of a court ruling or judicially approved agreement."

- a) In organized accounting;
- b) Under the simplified bookkeeping regime; or
- c) In the application of the rules arising from the simplified regime for determining taxable income.

2. If the income earned results from services provided to a single entity, the taxpayer may opt for taxation in accordance with the rules established for the First Category, maintaining this option for a period of three years.

#### ARTICLE 31 – (Imputation)

1. When determining income, only those relating to goods or values that form part of the assets of the taxpayer's individual company or that are allocated to the business and professional activities carried out by him or her are considered.
2. In the case of allocation of any assets from the taxpayer's private assets to his business and professional activity, the acquisition value at which these assets are considered corresponds to the market value on the date of allocation.
3. In the case of transfer to the taxpayer's private assets of assets related to his business and professional activity, the value of the assets corresponds to their market value on the date of transfer.
4. The market value referred to in the previous numbers, attributed by the taxpayer at the time of allocation or transfer of the assets, may be subject to correction whenever the Tax Administration considers, with good reason, that it does not correspond to what it would be practiced between independent people.

#### ARTICLE 32 – (Isolated Acts)

Repealed<sup>21</sup>

#### ARTICLE 33 – (Simplified regime for determining taxable income)

1. Taxable persons falling within the Second Category, who have not opted for the organized accounting regime or the simplified bookkeeping regime, provided for in articles 72 and 73, are covered by the simplified regime for determining taxable income.

---

<sup>21</sup>Wording revoked by article 3 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: "In determining the income from isolated acts, only the expenses necessary to obtain it, duly proven, are deducted, with the limitations arising from article 35."

respectively, and present, in the financial year prior to the application of the regime, a total annual turnover not exceeding 2,500,000.00 MT:

2. When starting activity, the framework for this simplified regime is made, subject to other assumptions, in accordance with the estimated total annual value of income, contained in the declaration of beginning of activity, if the option to which the activity is initiated is not exercised. refers to the previous number.

3. Calculation of taxable income results from the application of the following coefficients:

a) 0.20 to the value of sales of goods and products;

b) 0.20 to the value of sales and provision of accommodation, restaurant and beverage services;

c) 0.30 for other income.

4. The option referred to in paragraph 1 must be formalized by the taxpayers:

a) In the declaration of the beginning of activity;

b) Until the end of March of the year in which they intend to use organized accounting or simplified bookkeeping as a way of determining income, by submitting a declaration of changes.

5. The application of the simplified regime ceases when the total annual business limit referred to in paragraph 1 is exceeded, in which case taxation under the organized accounting regime takes place from the financial year following that in which this fact is verified.

6. The base values required to determine taxable income are subject to correction by the Tax Administration in accordance with article 38, applying the assumptions in the previous paragraph when the assumptions referred to therein are met.

7. In case of correction to the base values referred to in the previous paragraph using indirect methods in accordance with article 38, the provisions of articles 48 et seq. of the IRPC Code are applicable with the necessary adaptations.

8. The following are excluded from the simplified regime:

a) Taxable persons whose turnover exceeds the amount referred to in paragraph 1;

b) Partners or members of entities covered by the provisions of article 6 of the IRPC Code.

#### ARTICLE 34 – (Remission)

In determining the business and professional income of taxpayers not covered by the simplified regime for determining taxable income, as provided in article 33,

The rules established in the IRPC Code for determining taxable income are followed, with the adaptations resulting from the following articles.

#### ARTICLE 35 – (Charges not deductible for tax purposes)

1. In addition to the limitations set out in the IRPC Code, travel, travel and accommodation expenses of the taxpayer or member of the his household, who work with him, in the part that exceeds, as a whole, 10% of the total income recorded, subject to and not exempt from this tax.
  
2. When the taxpayer allocates part of the property intended for his home to his business and professional activity, the related deductible costs, namely amortization, interest, rent, energy, water and landline telephone, cannot exceed 25% of the total recorded income, subject to and not exempt from this tax.
  
3. If the taxpayer carries out his activity jointly with other professionals, the deductible charges are apportioned according to the respective use of the respective services or means of work or, in the absence of elements that allow apportionment, in proportion to the gross income earned.
  
4. Illegal expenses are not deductible, particularly those resulting from behavior that reasonably indicates a violation of Mozambican criminal legislation, even if they occur outside the territorial scope of its application.
  
5. The remunerations of income earners in this category, as well as those attributed to members of their household who provide services to them, as well as other benefits such as cost allowances, use of their own vehicle for the service of the activity, meal allowances and others of a remunerative nature, are not deductible in the part that exceeds, as a whole, 10% of the total income recorded, subject to and not exempt from this tax.

#### ARTICLE 36 – (Deduction of tax losses)

In cases of succession due to death, the deduction of tax losses provided for in article 41 of the IRPC Code only benefits the taxpayer who succeeds the one who incurred the loss.

#### ARTICLE 37 – (Realization of share capital with input of business assets)

1. There is no need to calculate any taxable result due to the realization of share capital resulting from the transfer of all assets allocated to the exercise of a business and professional activity by a natural person, provided that, cumulatively, the following conditions are observed:

- a) The entity to which the assets are transferred is a company and has its headquarters and effective management in Mozambican territory;

- b) The transferring natural person holds at least 50% of the company's capital and the activity carried out by the latter is substantially identical to that carried out individually;
- c) The active and passive elements subject to the transfer are taken into account for the purposes of this transfer with the same values as they were recorded in the accounts or in the books of the natural person, that is, those resulting from the application of the provisions of this Code or revaluations carried out under tax legislation;
- d) The shares of capital received in return for the transfer are valued, for the purposes of taxation of gains or losses relating to their subsequent transfer, at the net value corresponding to the assets and liabilities transferred, valued in accordance with the terms of the previous paragraph;
- e) The company referred to in subparagraph a) undertakes, through a declaration, to comply with the provisions of article 58 of the IRPC Code, which must be attached to the periodic declaration of income of the natural person relating to the exercise of the transfer.

2. The provisions of the previous paragraph do not apply to cases in which assets are part of the transferred assets in relation to which there has been a deferral of taxation of the respective gains, in accordance with paragraph b) of paragraph 2 of article 13.

3. The gains resulting from the onerous transfer, whatever its title, and from the shares of capital received in return for the transfer referred to in paragraph 1 are considered, before five years have elapsed from the date thereof, as business and professional income.

#### ARTICLE 38 – (Application of Indirect methods)

1. The determination of taxable profit by indirect methods occurs whenever any of the following facts occur:

- a) Lack of organized accounting or record books required in article 73, as well as the lack, delay or irregularity in their execution, bookkeeping or organization;
- b) Refusal to display accounting, record books and other legally required supporting documents, as well as their concealment, destruction, falsification or tainting;
- c) Existence of several accounts or groups of books with the purpose of disguising the reality before the Tax Administration;
- d) Errors or inaccuracies in the recording of transactions or indications, based on the grounds that the accounts or records do not reflect the exact asset situation and the result actually obtained.

2. The application of indirect methods as a result of anomalies and inaccuracies in accounting or record books can only occur when it is not possible to prove and directly and accurately quantify the elements essential to the correct determination of taxable profit.

3. Delays in carrying out accounting or keeping records, as well as failure to immediately display one or more of these, only determine the application of indirect methods after the expiry of the period set for regularization or presentation, without the obligation being demonstrated to have been fulfilled. .
4. The period referred to in the previous paragraph must not be less than fifteen nor more than thirty days and does not affect the sanction to be applied for any infraction committed.
5. Determination of taxable profit by indirect methods also follows the provisions of article 48 of the IRPC Code, with the necessary adaptations.

## **SECTION IV – Income from capital and capital gains**

### **ARTICLE 39 – (Determination of capital income)**

The capital income provided for in article 10 of this Code, subject to tax, is that made available to its holder or paid, as the case may be, with no deductions being made.

### **ARTICLE 40 – (Determination of capital gains)**

1. The value of income qualified as capital gains is that corresponding to the balance calculated between the capital gains and capital losses realized in the same year, determined in accordance with the following articles.
2. The balance referred to in the previous paragraph, regarding the transmissions provided for in subparagraphs a), c), and d) of paragraph 1 of article 13, positive or negative, is only considered at 50% of its value.
3. The balance referred to in paragraph 1, relating to the transmissions provided for in paragraph b) of paragraph 1 of article 13, positive or negative, is only considered:<sup>22</sup>
  - a) At 100% of its value, when shares or other securities are held for 12 months;<sup>23</sup>

---

<sup>22</sup>Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: “3. The balance referred to in paragraph 1, regarding the transmissions provided for in paragraph b) of paragraph 1 of article 13, positive or negative, is only considered:”

<sup>23</sup>a) As amended by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: “At 75% of their value, when shares or other securities are held for less than 12 months;”

b) At 85% of its value, when shares or other securities are held for a period between 12 and 24 months;

<sup>24</sup>

c) At 65% of its value, when shares or other securities are held for a period between 24 and 60 months;<sup>25</sup>

d) At 55% of its value, when shares or other securities are held for 60 or more months.<sup>26</sup>

4. For the purposes of the previous paragraph, it is considered that:

a) The date of acquisition of the securities whose ownership has been acquired by the taxpayer by incorporation of reserves or by replacing them, namely by changing the nominal value or modifying the corporate purpose of the issuing company, is the date of acquisition of the securities that gave rise to them;

b) In the case of securities of the same nature and granting identical rights, those sold are considered to be those acquired the longest ago;

c) In exchanges of shares under the conditions mentioned in paragraphs 1 and 3 of article 57 of the IRPC Code, the holding period corresponds to the sum of the periods in which the shares received in exchange were held;

d) The regime in the previous paragraph is applicable, with the necessary adaptations, to the acquisition of corporate shares, quotas or shares in cases of mergers or divisions of resident companies, as well as those applicable to article 56 of the IRPC Code.

5. In the case of capital gains obtained by non-resident taxpayers without a permanent establishment located in Mozambican territory, as set out in paragraph 5 of article 5 of the IRPC Code, the balance referred to in paragraph 1, regarding the transfers provided for in paragraph b), of paragraph 1, of article 13, is considered in full, regardless of the period of holding of the social participation.<sup>27</sup>

---

<sup>24</sup>b) As amended by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: "At 60% of its value, when shares or other securities are held for a period between 12 and 24 months;"

<sup>25</sup>c) As amended by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: "At 40% of its value, when shares or other securities are held for a period between 24 and 60 months;"

<sup>26</sup>d) Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: "At 30% of its value, when shares or other securities are held for 60 or more months."

<sup>27</sup>Wording added by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014.

#### ARTICLE 41 – (Realization values)

1. To determine gains subject to IRPS, the realization value is considered:

a) In the case of exchange, the value attributed in the contract to the goods or rights received, or the market value, when it does not exist or is higher, plus or minus, one or the other, the amount of money to be received or paid ;

b) In the case of expropriation, the value of the compensation;

c) In the case of allocation of any assets from the private assets of the holder of Second Category income to business and professional activity, the market value on the date of allocation;

d) In other cases, the value of the respective consideration.

2. In the cases of subparagraphs a), b) and c) of the previous paragraph, in the case of real rights over immovable property, the values at which the assets have been considered for the purposes of settlement of tax prevail or, if there is no place for this liquidation, those that should be, if it were due.

3. In the case of exchange for future goods, the values referred to in paragraph a) of paragraph 1 refer to the date of conclusion of the contract.

4. In the case provided for in paragraph c) of paragraph 1 of this article, the value resulting from the correction referred to in paragraph 4 of article 31 prevails, if applicable.

#### ARTICLE 42 – (Free acquisition value)

1. To determine gains subject to IRPS, the acquisition value, in the case of goods or rights acquired free of charge, is considered to be that which has been considered for the purposes of calculating inheritance and donation tax.

2. If there is no need to pay the tax referred to in the previous paragraph, the values that would serve as its basis, if it were due, are considered, determined in accordance with the rules specific to that tax.

#### ARTICLE 43 – (Value of acquisition of Real Estate assets for consideration)

1. In the case of paragraph a) of paragraph 1 of article 13, if the immovable property was acquired for consideration, the acquisition value is considered to be whatever was used for the purposes of settlement of taxes.

2. If there is no Sisa settlement, the value that would serve as its basis, if it were due, is considered, determined in accordance with the rules specific to that tax.

3. The acquisition value of properties built by the taxpayers themselves corresponds to the equity value recorded in the matrix, plus duly proven construction costs, if higher.



**ARTICLE 44 – (Equalization to the acquisition value)**

In the case of transfer to the private assets of the holder of Second Category income of any assets allocated to business and professional activity, the acquisition value is considered to be the market value on the date of transfer.

**ARTICLE 45 – (Value of acquisition for consideration of shares and other securities)**

In the case of paragraph b) of paragraph 1 of article 13, the acquisition value, when it was carried out for consideration, is the following:

- a) In the case of securities listed on the Stock Exchange, the documented cost or, failing that, the lowest price recorded in the two years prior to the date of sale, if a lower price is not declared;
- b) In the case of shares or other securities not listed on the Stock Exchange, the documented cost or, failing that, the respective nominal value.

**ARTICLE 46 – (Value of acquisition for consideration of other goods and rights)**

In the cases of paragraphs c) and e) of paragraph 1 of article 13, the acquisition value, when carried out for consideration, is constituted by the price paid by the seller, documented.

**ARTICLE 47 – (Expenses and charges)**

To determine the capital gains subject to tax, the following must be added to the acquisition value:

- a) Costs for the appreciation of assets, proven to have been incurred in the last 5 years, and the necessary and actually incurred expenses, inherent to the acquisition and disposal, in the situations provided for in paragraph a) of paragraph 1 of article 13;
- b) The necessary and actually incurred expenses, inherent to the sale, in the situations provided for in paragraphs b) and c) of paragraph 1 of article 13.

**SECTION V – Property income**

**ARTICLE 48 – (Determination of property income)**

1. From the gross income referred to in article 15, maintenance and conservation expenses that are borne by the taxpayer and are borne by him are deducted, assuming that they correspond to 30% of the income except if, being higher, the taxpayer documentally prove, as well as, the interest paid to Mozambican credit institutions, duly documented, resulting from loans for the construction of their own housing, as long as it includes the value of the respective rents and up to this amount.

2. Municipal property tax is also deducted, which is levied on the value of buildings or parts of buildings whose income has been included.

3. In the case of an autonomous fraction of a building under a horizontal property regime, the costs of conservation, enjoyment and others are also deducted, which, under the terms of civil law, the condominium owner must bear, are borne by him, and are documented proven.

4. In subletting, the difference between the rent received by the sublessor and that paid by him does not benefit from any deduction.

## **SECTION VI – Other income**

### **ARTICLE 49 – (Determination of taxable income)**

When determining the taxable income of income qualified as asset increments, no deductions are made.

## **SECTION VII – Deduction of losses**

### **ARTICLE 50 – (Loss deductions)**

1. Without prejudice to the provisions of the following paragraphs, the negative net result determined in any category of income is deductible from all net income subject to taxation.

2. The negative net result determined in the Second and Third categories, as well as the percentage of the negative balance referred to in paragraph 2 of article 40, can only be reported to the five years following the one to which they relate, deducting from the net income of the same category or the percentage of the positive balance determined between the capital gains and capital losses realized in the year in question, in accordance with the applicable part of article 41 of the IRPC Code.

3. In the Second Category, losses resulting from the exercise of agricultural, forestry and livestock activities are not deductible when these activities are carried out with others covered by the same category of income, without prejudice to their carryover to positive net income of the same nature, and holders must of these income to ensure the accounting procedures that are required to separately determine losses from those activities, unless they are subject to the simplified regime for determining taxable income.

4. The percentage of the negative balance referred to in number 3 of article 41 can only be reported to the two years following the one to which they relate, deducting from net income of the same nature or the percentage of the positive balance determined between capital gains and the capital losses realized in the year in question, in accordance with the applicable part of article 41 of the IRPC Code.

## SECTION VIII – Rebates

### ARTICLE 51 – (Reductions from total net income)

Revoked.<sup>28</sup>

## SECTION IX – Process for determining taxable income

### ARTICLE 52 – (Income declaration)

1. Taxable persons submit, annually, an official model declaration, relating to the previous year's income and other information relevant to their specific tax situation.

2. Without prejudice to the provisions of the previous paragraph, taxpayers who, in the year to which the tax relates, only received income taxed at the rates provided for in article 57, are exempt from submitting an income declaration.<sup>29</sup>

### ARTICLE 53 – (Bases for calculating, fixing or changing income)

1. The IRPS taxable income is calculated in accordance with the rules established in the previous sections and with the rules relating to tax benefits to which taxpayers are entitled, based on the annual income declaration submitted within the legal deadline and other elements of available to the Tax Administration.

2. The Tax Administration determines the set of net income subject to taxation when:

- a) Any of the situations or facts provided for in paragraph 4 of article 31 and in article 38 occur;
- b) The income declaration provided for in article 52 has not been submitted, when required.

---

<sup>28</sup>Wording revoked by article 3 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: "In order to determine the taxable income of taxpayers residing in Mozambican territory, the total net income determined under the terms of the previous sections shall be deducted from amounts proven to have been supported and not reimbursed in respect of pension costs to which the taxpayer is obliged by court ruling or by agreement approved under civil law."

<sup>29</sup>2. Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: "Without prejudice to the provisions of the previous paragraph, taxpayers who, in the year to which the tax relates: are exempt from submitting an income declaration:

- a) Have only received income taxed at the rates set out in article 57, which is not income from shares, and do not opt, when legally permitted, for its inclusion;
- b) Only have earned income from the First Category in the amount equal to or less than 100,000.00 MT, as long as it has been subject, in full, to withholding of the corresponding IRPS at source, being able to opt for inclusion if they wish."

3. In the case provided for in paragraph b) of the previous paragraph, the taxpayer is notified in advance to, within 15 days, present the missing declaration, without prejudice to the applicable sanctions.
4. Tax Administration amends the declared elements whenever, in the absence of a fixation as referred to in paragraph 2, corrections must be made resulting from errors evidenced in the declarations themselves, omissions made in them or corrections resulting from divergences in the classification of the acts , facts or documents relevant to the assessment of tax.
5. The competence to carry out the acts of calculation, fixation and changes referred to in this article is exercised by the director of the Tax Area where the tax domicile of the taxpayers is located.

## CHAPTER III – FEES

### ARTICLE 54 – (General fees)

1. The tax rates are those shown in the following table:

Annual Taxable Income in Meticais (A)	Fees (B)	Portion to be deducted (MT) (C)
Up to 42,000	10%	-
From 42,001 to 168,000	15%	2,100
From 168,001 to 504,000	20%	10,500
From 504,001 to 1,512,000	25%	35,700
In addition to 1,512,000	32%	141,540

2. The percentages indicated in column B represent marginal rates, each of which is valid within the limits of the corresponding income bracket. The amounts in column C are intended to allow the practical calculation of the tax, the collection of which is obtained by applying the maximum rate that corresponds to the total taxable income, according to column B, then deducting the portion indicated in column C.

3. In the case of taxable persons who only include income from the Second Category, arising from agricultural or livestock activities, the collection that results from the application of the rates set out in number 1 cannot be higher than that which would result from the application of the reduced tax rate. 10% referred to in number 2 of article 61 of the IRPC Code, to the taxable income, during the validity of the same reduced rate.

### ARTICLE 55 – (Marital quotient)

Repealed<sup>30</sup>

<sup>30</sup>Wording revoked by article 3 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: "1. In the case of married taxpayers and not legally separated from people and assets, the applicable rate is that corresponding to the taxable income divided by 2.

2. The rates set in the previous article apply to the quotient of the taxable income, multiplying by two the result obtained to determine the IRPS collection."

#### ARTICLE 56 – (Non-taxable minimum)

Annual taxable income less than or equal to 225,000.00 MT is not taxed, with any excess subject to tax.<sup>31</sup>

#### ARTICLE 57 – (Release fees)

1. Income obtained in Mozambican territory listed in the following numbers and, as well as the income mentioned in paragraph b) of paragraph 4 of article 65, are subject to definitive withholding tax at source, at the exemption rates provided for therein.

two. The following are taxed at a rate of 20%:

- a) Income from shares, registered or bearer;
- b) Income from dependent work and the income provided for in subparagraph b) of no. 2 of article 8 and in subparagraphs d) e) and g) of no. 3 of the same article, earned by non-residents in Mozambique;<sup>32</sup>
- c) Profits made available to respective associates or holders, including advances on account of profits, owed by entities subject to IRPC, received by non-residents in Mozambique;
- d) The income referred to in paragraph p) of paragraph 4 of article 10;
- e) Income from debt securities listed on the Mozambique Stock Exchange;<sup>33</sup>
- f) Capital income referred to in subparagraphs i) in) of paragraph 4 of article 10;<sup>34</sup>

---

<sup>31</sup>Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: “1. Annual taxable income less than or equal to thirty-six minimum wages, of the highest minimum wage on December 31st of the year to which the income relates, is not taxed, with the excess being subject to tax.”

<sup>32</sup>Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: “b) Income from dependent work and income provided for in paragraph b) of paragraph 2 of article 8, even if arising from isolated acts, and in paragraphs d) e) and g) of paragraph 3 of the same article, earned by non-residents in Mozambique;”

<sup>33</sup>Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: “e) Any income from capital received by non-residents in Mozambique not expressly taxed at a different rate;”

<sup>34</sup>Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: “f) Capital income referred to in subparagraphs l) and m) of paragraph 4 of article 10, earned by non-residents in Mozambique;”

- g) Any income from capital not expressly taxed at a different rate;<sup>35</sup>
- h) Commissions for intermediation in the conclusion of any contracts and income derived from other provision of services referred to in subparagraph e) of paragraph 1 of article 22, paid or made available to non-residents in Mozambican territory;<sup>36</sup>
- i) Income from intellectual or industrial property or the provision of information relating to experience in the industrial, commercial or scientific sector, earned by original holders, not resident in Mozambique.<sup>37</sup>
- j) Income from debt securities, registered or bearer, including bonds, as well as income from repo operations, credit assignments, securities accounts with price guarantee or other similar or related operations;<sup>38</sup>
- k) Income from isolated acts.<sup>39</sup>

3. The following are taxed at a rate of 10%:

- a) Term deposit interest;
- b) Income from securities listed on the Mozambique Stock Exchange, except from debt securities;<sup>40</sup>
- c) Cash winnings from social and entertainment games, such as lotteries, raffles, lottery, bingo, sweepstakes and competitions;

---

<sup>35</sup>Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: “g) Commissions for intermediation in the conclusion of any contracts and income derived from other provision of services referred to in paragraph e) of paragraph 1 of article 22, paid or placed to provision of non-residents in Mozambican territory;”

<sup>36</sup>Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: “h) Income from intellectual or industrial property or the provision of information relating to experience in the industrial, commercial or scientific sector, earned by original holders, non-residents in Mozambique ;”

<sup>37</sup>Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: “i) Income from debt securities, registered or bearer, including bonds, as well as income from repo operations, credit assignments, guaranteed securities accounts price or other similar operations.”

<sup>38</sup>Wording introduced by article 1 of Law xx/2012 of xx December. Entry into force on January 1, 2014.

<sup>39</sup>Wording introduced by article 1 of Law xx/2012 of xx December. Entry into force on January 1, 2014.

<sup>40</sup>Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: “b) Income from securities listed on the Mozambique Stock Exchange;”

d) Remuneration earned by theater, dance, variety or circus artists, film actors and extras, musicians, singers or sportsmen and other related professions, whether or not domiciled in the national territory, except when they receive remuneration on a regular basis for carrying out their activity on behalf of someone else.

4. The rates provided for in paragraphs 2 and 3 apply to gross income.

5. Repealed<sup>41</sup>

6. Repealed<sup>42</sup>

---

<sup>41</sup>Wording revoked by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording:  
“5. The following income owed by entities or headquarters, domicile, effective management or permanent establishment may be included for taxation purposes, at the option of the respective holders, resident in national territory. in that location, to which payment is attributable:

- a) Income from debt securities, registered or bearer, as well as income from repo operations, credit assignments, security accounts with price guarantees or other similar or related operations;
- b) Income from shares, registered or bearer;
- c) Interest on term deposits;
- d) The income referred to in paragraph p) of paragraph 4 of article 10.”

<sup>42</sup>Wording revoked by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording:  
“6. Once the option referred to in the previous paragraph has been made, the withholding that has been made is in the nature of a payment on account of the tax due at the end.”



## CHAPTER IV – SETTLEMENT

### ARTICLE 58 – (Competence for settlement)

1. The settlement of IRPS is the responsibility of the Tax Administration services;<sup>43</sup>

2. Self-assessment is mandatory for holders of Second Category income, with organized accounting and optional for the rest, and must, in any case, be carried out in the respective declarations, when presented within the deadlines set out in the regulations of this Code.

### ARTICLE 59 – (Deductions from tax collection)

1. The following relative deductions are made to IRPS collection, in accordance with the terms of the subsequent articles:

a) The personal and family situation of the taxpayer;<sup>44</sup>

b) International double taxation.

2. Payments on account of tax and amounts withheld at source that have that nature, relating to the same tax period, are also deducted from the IRPS collection.

3. Repealed<sup>45</sup>

4. Repealed<sup>46</sup>

---

<sup>43</sup>Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: “The competence to settle the IRPS is incumbent upon:”

<sup>44a</sup> As amended by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: “To the personal and family situation of taxpayers;”

<sup>45</sup>Wording revoked by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: “The deductions referred to in this article will be made in the order indicated therein and only those provided for in the previous paragraph, when higher than the tax due, give the right to a refund of the difference.

<sup>46</sup>Wording revoked by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: “The deductions provided for in paragraph 1 only apply to taxpayers resident in Mozambican territory.

**ARTICLE 60 – (Deductions relating to personal and family situation)**

1. The IRPS collection owed by taxpayers resident in Mozambican territory and up to its amount are deducted annually:<sup>47</sup>

a) 1,800.00MT for each taxable person;<sup>48</sup>

b) 600.00MT, when there is a dependent; 900.00MT when there are two dependents; 1,200.00MT when there are three dependents and 1,800.00MT when there are four or more dependents, as long as they are not subject to this tax.<sup>49</sup>

2. If there is a division of income resulting from the formation of the conjugal company or its dissolution by declaration of nullity or annulment, by divorce or by judicial separation of persons and assets, the deductions referred to in paragraph 1 are considered as relating to the full year, determining the part relating to each period by the number of days it contains.

**ARTICLE 61 – (Tax Credit for International Double Taxation)**

1. Holders of income of different categories obtained abroad are entitled to a tax credit for international double taxation, deductible up to the competition of the part of the IRPS collection proportional to such net income, considered in accordance with number 6 of article 26, which corresponds to the smallest of the following amounts:

a) Tax on income paid abroad;

b) Fraction of IRPS collection, calculated before deduction, corresponding to income that may be taxed in the country in question.

2. When there is a convention to eliminate double taxation signed by Mozambique, the deduction to be made under the terms of the previous paragraph cannot exceed the tax paid abroad under the terms provided for by the convention.

3. Whenever it is not possible to make the deductions referred to in the previous numbers, due to insufficient tax collection in the year in which the income obtained abroad was included in the

---

<sup>47</sup>Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: “1. The IRPS collection owed by taxpayers residing in Mozambican territory and up to its amount are deducted annually:”

<sup>48</sup>Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: “a) 1,800.00MT for each taxable person who is not married or legally separated from people and property;”

<sup>49</sup>Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: “b) 1,500.00MT for each married taxpayer who is not legally separated from persons and assets;”

taxable base, the remainder can be deducted until the end of the five years following the part of the IRPS collection proportional to the net income of the respective category.

#### ARTICLE 62 – (Minimum limits)

There is no charge or refund of IRPS when, due to assessment, even if additional, reform or revocation of assessment, the amount to be charged or refunded is less than 500.00MT.<sup>50</sup>

#### ARTICLE 63 – (Official Tax Refund)

1. The difference between the tax due in the end and what has been delivered to the State Coffers as a result of withholding at source or payments on account, favorable to the taxpayer, must be refunded by the end of the third month following the end of the tax period. deadline set out in the regulations for this tax for payment relating to the previous year.

2. If, for reasons attributable to the services, the deadline set out in the previous paragraph is not met, compensatory interest as provided for in Law no. 2/2006, of 22 March, is due.

---

<sup>50</sup>There is no charge or refund when, due to settlement, even if additional, reform or revocation of settlement, the amount to be charged is less than 100.00MT or the amount to be refunded is less than 100.00MT.

## CHAPTER V – PAYMENT

### ARTICLE 64 – (Payment of Tax)

1. Personal Income Tax is paid in the year following the year to which the income relates, without prejudice to the provisions of the following articles.
2. Tax payment deadlines and terms are subject to regulation.

### ARTICLE 65 – (Withholding tax)

1. In the cases provided for in the following paragraphs and in others established by law, the entity owing the income subject to withholding at source is obliged, at the time of payment, to pay the due date, even if presumed, to make it available, to settle it or to calculate it. of the respective amount, depending on the case, or, in the case of commissions, for intermediation in the conclusion of any contracts, at the time of their payment or making available, to deduct from them the amounts corresponding to the application of the rates provided for therein on behalf of the tax relating to the year in which these acts occur.
2. Entities that have or must have organized accounting are obliged to withhold tax, by applying, to the gross income of which they are owed, the rates of 20%, in the case of income from capital and the Fourth Category, income arising from intellectual or industrial property or the provision of information relating to experience in the industrial, commercial or scientific sector, obtained by original holders, as well as income from independent work or commissions for intermediation in the conclusion of any contracts, without prejudice to the provisions in the next number.<sup>51</sup>
3. In the case of income subject to taxation at the tax rates provided for in article 57:
  - a) Entities owing the income deduct the amount corresponding to the rates set therein;
  - b) Entities that pay or make available to their respective holders, resident in Mozambican territory, on behalf of entities that do not have residence, headquarters or management here

---

<sup>51</sup>Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: "2. Entities owing income from dependent employment, whether fixed or variable, are obliged to withhold the tax at the time of payment or making it available to the respective holders, with the exception of income provided for in subparagraphs c) and d) of paragraph 1 of article 3, of this Code that are not certain and regular and those in paragraph g) of article 4 of this Code."

permanent establishment or permanent establishment to which payment can be attributed, income from registered or bearer securities, deduct the amount corresponding to the rate of 20%.<sup>52</sup>

4. To apply the 20% rate provided for in paragraph 3, the 30% deduction referred to in paragraph 1 of article 48 hereof is taken into account for income in the Fourth Category. code.<sup>53</sup>

5. Income from independent work, for the purposes of paragraph 3, is considered to be those corresponding to payments that take place in remuneration for technical or scientific work, carried out on a free basis, including consultancy services, studies, opinions and other work or activities of the same nature, whenever the scientific, technical or artistic nature of the respective profession predominates in their performance.<sup>54</sup>

7. For income from dependent employment, withholding tax is made definitively.<sup>55</sup>

#### ARTICLE 65-A – (Withholding tax on income from dependent employment)<sup>56</sup>

1. Entities owed income from dependent employment, whether fixed or variable, are obliged to withhold the tax at the time of payment or making it available to the respective holders,

---

<sup>52</sup>Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: "3. Entities that have or must have organized accounting are obliged to withhold the tax, by applying, to the gross income of which they are owed, the rates of 20%, in the case of income from capital and the Fourth Category, income from intellectual or industrial property or the provision of information relating to experience in the industrial, commercial or scientific sector, obtained by original holders, as well as income from independent work or commissions for intermediation in the conclusion of any contracts, without prejudice to the provisions of paragraph Following."

<sup>53</sup>Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording:" 4. In the case of income subject to taxation at the exemption rates provided for in article 57: a) The entities responsible for the income deduct the amount corresponding to the rates established therein; b) Entities that pay or make available to their respective holders, resident in Mozambican territory, on behalf of entities that do not have residence, headquarters, effective management or stable establishment here to which the payment can be attributed, income from registered securities or bearer, deduct the amount corresponding to the rate of 20%."

<sup>54</sup>Wording given by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014. Previous wording: "To apply the 20% rate provided for in paragraph 3, the 30% deduction for maintenance and conservation expenses to which referred to in paragraph 1 of article 48 of this code"

<sup>55</sup>Wording added by article 1 of Law 20/2013 of 23 September. Entry into force on January 1, 2014.

<sup>56</sup>Wording added by article 2 of Law 20/2013 of 23 September. Entry into force on January 1, 2014.

in accordance with the table attached to this Code, with the exception of income provided for in subparagraphs c) and d) of number 1 of article 3, as long as they are not certain and regular, pensions, death benefits and those in subparagraph g) of article 4 of the Code.

2. The IRPS withholding is equal to the sum between the IRPS value contained in the table corresponding to the range in which the monthly remunerations paid or made available to its holders fall, and the result of applying the coefficients that correspond to the value of the difference between these remunerations and the minimum value of the range in which they fall.

3. Monthly remuneration is considered to be the amount paid as fixed remuneration, plus any other amounts that have the nature of income from dependent employment, as defined in articles 2 and 4 of the IRPS Code, and at the request of the holder, bonuses received for or as a result of the provision of work when not attributed by the respective employer, paid or made available to the holder in the same period even if relating to previous periods.

4. In the case of fixed remuneration relating to periods of less than a month, the sum of the amounts attributed, paid or made available each month is considered as monthly remuneration.

5. Tax withholding at source relating to income from dependent employment is carried out definitively.

#### ARTICLE 66 – (Payments on account)

The holder of Second Category income determines, for the respective taxpayers, the obligation to make three payments on account of the tax due at the end, of equal amounts, rounded up, the total payments on account being equal to 80% of the amount resulting from the application of the percentage resulting from the participation of Second Category income in the total income included, to the IRPS of the previous year, under the terms to be regulated.

#### ARTICLE 67 – (Liability in case of replacement)

1. In the case of tax substitution, the entity obliged to withhold is responsible for the amounts retained and not delivered to the State coffers, with the replaced party being released from any responsibility for payment, without prejudice to the provisions of the following paragraphs.

2. When withholding is carried out merely as a payment for tax due at the end, the person being replaced bears the original responsibility for the tax not withheld and the substitute party bears secondary responsibility, and the latter is also subject to the compensatory interest due from the end of the period. delivery deadline until the deadline for submission of the declaration by the original person responsible or until the date of delivery of the tax withheld, if earlier.

3. In other cases, the person replaced is only subsidiarily responsible for paying the difference between the amounts that should have been deducted and those that actually were.

#### ARTICLE 68 – (Compensation)

1. The IRPS obligation may be extinguished by compensation, in whole or in part, with the debtor's credit for the IRPS refund.

2. Clearing takes place with the taxpayer delivering the respective credit note.

#### ARTICLE 69 – (Interest on late payment)

When the tax paid or calculated by the Tax Administration, plus any compensatory interest due, is not paid within the period in which it should be paid, default interest will begin to accrue from the end of that period, calculated in accordance with legal terms.

#### ARTICLE 70 – (Credit privileges)

For the payment of IRPS, the National Treasury enjoys general movable privilege and real estate privilege over the assets existing in the taxpayer's assets at the date of seizure or other equivalent act.

#### ARTICLE 71 – (Payment of income to non-resident taxpayers)

It is not possible to make transfers abroad of income subject to IRPS obtained in Mozambican territory by non-resident taxpayers without showing that the tax due is paid or insured.

## CHAPTER VI – ACCESSORY OBLIGATIONS

### ARTICLE 72 – (Accounting obligations)

1. Second Category income holders, whose turnover in the previous year exceeds 2,500,000.00MT are required to have organized accounting in accordance with commercial and tax law, which allows control of the income determined.
2. The provisions of article 75 of the IRPC Code apply to the taxpayers referred to in the previous paragraph.

### ARTICLE 73 – (Simplified bookkeeping regime)

1. Taxable persons who, carrying out any commercial or industrial activity, are not required to have organized accounting, must have:
  - a) Book of records of purchases of goods/or books of records of raw materials and consumption;
  - b) Book of records of sales of goods and/or books of records of manufactured products;
  - c) Record book of services provided;
  - d) Book recording expenses and operations linked to investment goods;
  - e) Book of registration of goods, raw materials and consumables, manufactured products and other stocks as of December 31st of each year.
2. Taxable persons, when they do not have organized accounting, are obliged to separately highlight in their respective record book the amounts relating to the reimbursement of expenses incurred in the name and on behalf of the client, which, when duly documented, do not influence the determination of the performance.
3. By order of the Minister who oversees the area of Finance, other mandatory records may be established to determine taxable income.
4. The books referred to in this article must be written in accordance with regulations.

### ARTICLE 74 – (Option for organized accounting)

1. Taxable persons falling within the Second Category of the simplified bookkeeping regime, whose annual turnover is equal to or less than 2,500,000.00 MT may opt for accounting organized in accordance with commercial and tax law, which allows income control cleared.
2. The provisions of article 75 of the IRPC Code apply to the taxpayers referred to in the previous paragraph.



ATTACHMENT

Limits of Monthly Gross Salary Intervals (Mts)	IRPS value to be withheld relative to the limit of the gross salary range, by number of dependents ((Mts)					Coefficient applicable to each unit additional inferior limit of salary gross
	0	1	two	3	4 or more	
Up to 20,249.99	-	-	-	-	-	0%
From 20,250.00 to 20,749.99	0	-	-	-	-	10%
From 20,750.00 to 20,999.99	50	0	-	-	-	10%
From 21,000.00 to 21,249.99	75	25	0	-	-	10%
From 21,250.00 to 21,749.99	100	50	25	0	-	10%
From 21,750.00 to 22,249.99	150	100	75	50	0	10%
From 22,250.00 to 32,749.99	200	150	125	100	50,	15%
From 32,750.00 to 60,749.99	1,775	1,725	1,700	1,675	1,625	20%
From 60,750.00 to 144,749.99	7,375	7,325	7,300	7,275	7,225	25%
From 144,750.00 onwards	28,375	28,325	28,300	28,275	28,225	32%

Note: The sign (-) means that there is no tax to withhold and the coefficient does not apply;

O (0) means that only the coefficient applies.

## WHY BDO?

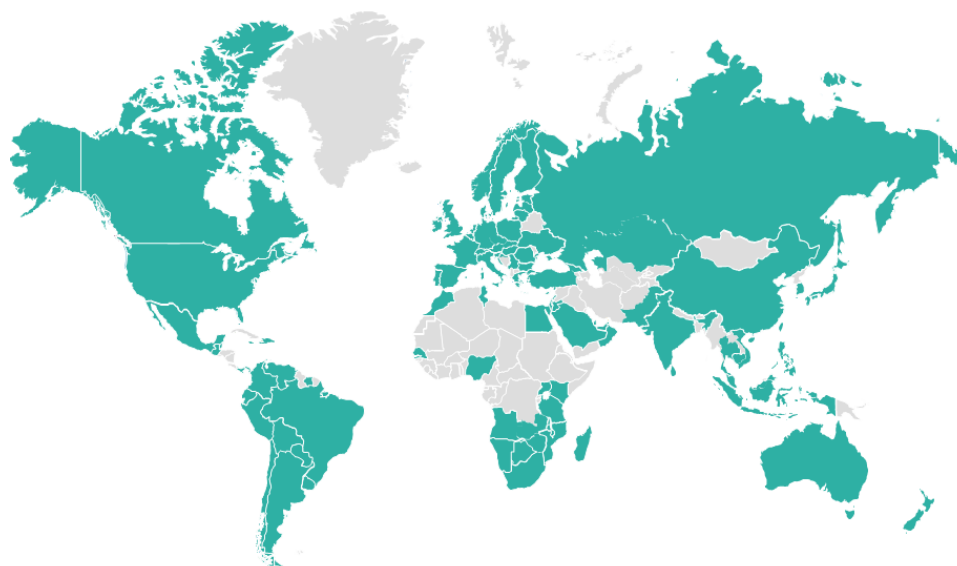
### 1.1 BDO at an international level

**BDO** was founded in 1963 in Europe through the merger of vision firms in England, Germany, Holland, USA and Canada. These firms founded BDO Seidman International.

Ten years later, the founding firms took on the name Binder Djiker Otte & Co: **BDO**

The current structure of the **BDO** has been maintained since 1988 with the adoption of the company's standards and corporate identity **BDO** by the 135 countries represented.

**BDO** is an international organization that provides services in the areas of Auditing, Consulting and Taxation. We are present worldwide through a network in 135 countries, encompassing a total human structure of around 50,000 people.



The global billing of **BDO**, amounted in 2009 to around 5.7 billion US dollars:

	2011	2010	2009
USD Invoicing	5 677 000 000	5 284 000 000	5 026 000 000
Countries	135	119	110
Offices	1 118	1 082	1 138
Collaborators	48 890	46 930	46 035

The services provided by **BDO** they are integrated in such a way as to enable the provision of identical resources, with similar skills and which enhance success on a global scale.

## 1.2 BDO in Mozambique

**BDO** is in Mozambique, as in the rest of the world, one of the five largest auditing and consultancy firms, with around 70 professionals in Mozambique, full-time and on an exclusive basis, always able to respond to requests from entities seeking their services.

Due to the best relationship between the number of partners and the number of technicians, each client is accompanied by a so-called "Client Service Partner" who, thanks to his hierarchical position and decision-making capacity, is responsible for the quality of the services provided. This personalized way of acting combines the knowledge that **BDO** it has of its customers with the professional experience of its technicians and the way in which this experience is put at the service of customers.

Our customers recognize the ability of **BDO** Mozambique. In the last four years the **BDO** grew four times in turnover, no other audit, consultancy and tax firm recorded such growth in Mozambique.

"BDO is an example of professionalism and of selfless delivery to the work to be retained and the to recommend"

**Abubacar Chutumia**  
**Administrator**  
**Mcel**

"The in-depth knowledge of the local market, efficient advisory services, ongoing support and excellent style of presentation and reporting places BDO above others firms."

**Rui Lemos**  
**Financial Director**

### 1.3 Our Services

As throughout the world, the services we provide in Mozambique, to our Clients, national and foreign, public and private, are guided by a global vision and a clear local perspective supported by high standards of ethics and professional deontology.

BDO's proven experience allows companies and other organizations to benefit from practical and functional BDO solutions, applied in partnership with our Clients and tailored to their real needs.

"...and it was with BDO that we finally got our entry visa to the 1st world..."

**Adolfo Correia**

Businessperson

**Tropigalia**

#### 1.3.1 Consulting (Specialist Advisory Services)

In Consulting, BDO has qualified consultants to support solutions that generate added value for companies and other entities that increasingly seek our services. BDO's extensive experience allows companies to benefit from practical and functional solutions designed by our teams of consultants using advanced technological instruments and always taking into account the particularities of each business.

In this context, we deal, in particular:

- Valuation of companies and corporate parties;
- Viability studies
- Investments and Financing;
- Restructuring of companies and organizations;
- Strategic plans and business plans;
- Information systems consultancy, with particular emphasis on the implementation of integrated systems and customized developments;
- Human Resources consultancy;
- Specific training actions.

"The provision of services by BDO to the CNCS has always been characterized by a high sense of professionalism, embodied in service and response to requests in a timely manner and, above all, with an appreciable standard of quality. It is a partner to recommend surely!"

**Diogo Milagre**

**Deputy Executive Secretary**

### 1.3.2 Audit (Assurance Services)

With regard to auditing/account review, we work in Mozambique with some of the most qualified specialists in order to provide our Clients with professional services in accordance with the highest quality standards.

In auditing, in addition to validating the financial information of companies and institutions, we check not only the good application of standards and legislation, but also the internal control system and the continuity of operations.

Our professional intervention in this area includes:

- Complete audit of financial statements;
- Review of internal control;
- Review limited to financial statements;
- Examination of prospective financial information;
- Specific audits (incentives, accounting due-diligence, investigations, statistics);
- Internal, management, IT, tax and other audits.

"Intelligence is the only way to master change – BDO goes above and beyond in what it does to make its customers more intelligent.

We are together. It is we walk together. Good there are for the great work what he comes developing."

**Jorge Ribeiro**

General manager

Mediport

"The excellent quality of the work that BDO has carried out for the Mozambique Stock Exchange is only possible in an Organization that knows how to surround itself with competent, professional and profound staff."

**Jussub Nurmamade**

**President of the Board of Directors**

**Mozambique Stock Exchange**

### 1.3.3 Tax consultancy (Tax & Legal Services)

BDO, in the field of taxation, has extensive experience in preparing tax planning for our Clients, as well as verifying and monitoring compliance with their tax obligations.

The fundamental purpose of this action is to achieve less taxing solutions, namely through:

“The provision of services by BDO has been guided by quality, rigor and a high level of professionalism. AND a partner we can count on in the future.”

**Mamudo Ibraimo**  
Delegate Administrator  
telecommunications of

- Carrying out preventive tax audits
- Carrying out tax due-diligence
- Carrying out tax framework studies
- Assistance in the preparation of tax planning operations
- Verification and review of tax returns
- Support in the preparation of Transfer Pricing processes
- Preparation of VAT refund processes
- Preparation of tax complaints and challenges
- Permanent tax monitoring under a tax agreement regime
- Fusions and acquisitions
- Insolvency/bankruptcy process
- Fiscal framework studies
- Expatriate taxation
- Business creation
- Obtaining tax incentives
- Legalization of expatriates
- Legalization of capital transfer

“The vocation and range of activities of BDO comes to offer a boost to the competitive quality of national business, providing instruments suited to your challenges everyday.”

**Gerry Marketos**  
Businessperson  
**Plastex**

### 1.3.4 Accounting (Business Outsourcing)

BDO is the largest company providing accounting services in the country, with more than 20 dedicated technicians and dozens of clients.

It presents the ideal solution for the entrepreneur or institution that wishes to focus on its core business, leaving high-risk specialized administrative tasks to competent and specialized professionals.

As main services we have:

- Transition and implementation of IFRS
- Accounting Assistance
- Accounting Outsourcing
- Salary Processing
- Account consolidation
- Training

"BDO is a partner fundamental to the development of techniques most modern in the financial and administrative areas of Company."

**Damião Fernandes**  
**Administrator**

## 1.4 Main Customers

We would like to highlight the experience that **BDO** has in the area of consultancy and related work embodied in several works, among others, for the following institutions, which can serve as a reference and information collection base:

Commerce and Industry	
- Autogas	- BAVARIA
- Bio Technologies	- Mozambique Explosives Factory
- FARMIL	- FARMOBRAZ
- FARMOZ	- FASOREL, SARL
- Fiberglass Mozambique	- North Pole Refrigerators
- João Ferreira dos Santos Group	- Gulamo Comercial
- HIGEST - Mozambique.	- Hyper Maputo
- IBA-VET	- Isowat Mozambique.
- Lusalite from Mozambique	- Mahomed and Company
- Maputo Shopping Center	- Mediport
- Médis Farmacêutica	- Modil
- Monoframes	- PARMALAT
- Pereira & Santos	- Galp Energia
- PLASTEX	- Plural Editors.
- ROLMAP	- Health and Pharmacy
- SGL	- Explosives Distribution Company
- Suleimane Esep Amuji	- Technique
- The Maputo Clothing Company	- Trentyre Mozambique.
- Tricos Mozambique	- Tropigalia
- UTOMI	

Institutions in the Financial Area	
- 786 Exchange	- Africambia
- Afzal Câmbios	- Al Meca Currency Exchange
- BMI - Mercantil and Investment Bank	- Mozambique Stock Exchange
- Coop Câmbios	- EMOSIS
- Exchange Executive	- Expresso Cambios
- FNB Mozambique	- Global Alliance CGSM
- Mozambique Banking Training Institute	- INTERBANCOS
- Multi Exchange	- World Currency Exchange
- World Exchange	- Sarbaz Exchange
- SOCREMO	

Public companies	
- Mozambique Airports	- Waters of Mozambique
- EDM Electricidade de Moçambique	- Teledata from Mozambique
- TDM-Telecommunications of Mozambique	- TPM Maputo Public Transport



Public Sector	
- National Road Administration (ANE)	- Maputo Municipal Council
- FUNAE Energy Fund	- Road Fund
- FUTURE	- FIPAG
- INAHINA	- INSS
- IDPPE	- IGEPE
- Ministry of Agriculture	- Ministry of Science and Technology
- Ministry <small>from the</small> Planning <small>It is</small> Development	- Ministry of Health
- Finance Ministry	- Ministry of Mineral Resources
- Ministry of Transport and Communications	- PIREP
- UTRESP	

Non-Governmental Organizations	
- Action Aid Mozambique	- LOVE
- AMMCJ	- ARK - Absolute Return For Kids
- Blood Diamond Charity Fund	- Care International
- center <small>Studies</small> Democracy Development	- Center for Public Integrity
- CNCS	- Christian Council of Mozambique
- Belgian Technical Cooperation	- Department For International Development
- Royal Danish Embassy	- Women's Forum
- FCC	- HelpAge International
- Portuguese Institute <small>in</small> Support <small>to the</small> Development	- KULIMA
- Doctors With Africa	- OTM
- MONASO	- SINAFP National Public Service Union
- Industrial Chemical Workers Union	- Skillshare International
- Swedish Embassy	- United Nations Development Program
- GAS Groups Africa Sweden	- PRAY
- UNFPA	- VETAID Mozambique
- Nweti	- UNICEF

Extraction of Natural Resources	
- ABM RESOURCES NL	- Southern Africa Mining
- Mozambique Mining Group	- Capitol Resources.
- Companhia Mineira do Gilé	- Mozambique Zimbabwe Pipeline Company
- Drilling Resources Mozambique	- SASOL
- Tantalum Mining	- Mamba Minerals

### Telecommunications, Media and Technology

- British Telecom	- Business Connection
- Bytes & Pieces.	- Cilix Software
- DCC	- Nokia International
- Radio Maria Mozambique	- SATA Southern Africa Telecom Association
- SIEMENS	- Tiga
- TIM - Independent Television of Mozambique	

### Hotel and Tourism

- Atoz Tourism	- Benguerra Lodge
- Big Blue	- Blue Water
- Rex House	- Mozambican Hotel
- Matopo Fix	- Fisherman
- Sanctuary Hotels	- Paradise Village
- Vilankulos Beach Lodge	

### services

- BEIRANAWE	- Cinemate
- CONSULT	- CONSULTTEC
- CUDHA, SARL	- Executive Protection
- FHBertling Logistics	- GNLD International
- Golder Associates	- H.Gamito, Couto and Associates
- Impact	- JV Consultores
- MHM	- Mozambique Diesel Electric
- Momentum Exp	- Omega Security
- Rohlig Grindrod.	- Select Vedior Mozambique
- SELMEC	- SMI Society Mozambican in Investment
- SOPREL (ISCTEM)	- STM - Terminal Society
- Supaswift Mozambique.	- TCM - Cabotage Terminal
- Trio Data Mozambique.	- UDM Technical University of Mozambique

### Construction and Real Estate

- Acosterras Mozambique	- Matola Citadel
- CPG Civil & Planning Group	- ECMEP NORTH
- Edimetal	- EMOCIL
- Ergogest	- Foster Wheeler
- Hooper & Louw	- Leirlslena
- Single phase	- Mota Engil
- Murray & Roberts	- OPCA
- PREDIMO	- Racegame Mozambique
- RIOLITES	- SGIS-Sociedade Geral Investimentos Serviços

Audit, Taxes and Consulting

## CONTACTS

Av. 25 de Setembro, 1230,  
3rd Floor Block 5 CP 4200  
Maputo  
Republic of Mozambique

Phone: + 258 21 300720  
Email: eferreira@bdo.co.mz

[www.bdo.co.mz](http://www.bdo.co.mz)

BDO Lda., a Mozambican limited liability company, is a member of BDO International Limited, an English company limited by guarantee, and is part of the international network of independent BDO firms.

BDO is the brand of the BDO network and each of its member firms.

Copyright © BDO Lda. All rights reserved.

- Please think about the environment before printing this document.