



MOORE

TAX ALERT

TAX REFORM

DECEMBER 2025

INTRODUCTION

The Government of Mozambique has submitted legislative proposals to the Assembly of the Republic as a matter of urgency amending the following laws:

- Simplified Tax for Small Taxpayers (ISPC).
- Personal Income Tax (IRPS),
- Corporate Income Tax (IRPC),
- Value Added Tax (VAT),
- Excise Duty (ICE) and
- Customs Tariff.

We were made aware of the proposals sent to the Assembly of the Republic, however, we are unaware of any changes potentially made, so the analysis made in this alert should be validated after publication in the Bulletin of the Republic.

All Laws under approval will enter into force on January 1, 2026, and it is highly unlikely that the Official Gazette will be made available before that date (previous changes have been made available one to two months after their entry into force).



The main changes are:

- Change in ISPC rates;
- Obligation to submit Model 10 (income statement) for all taxpayers;
- Autonomous taxation of capital gains in IRPS and IRPC;
- Elimination of an automatic reduction of 30% in the rates of withholding of rents paid to individuals (with the withholding at 20% instead of 14%);
- Isolated VAT settlement operations for non-resident services;
- Taxation, at a 10% withholding rate, on digital services and electronic money intermediation.

Simplified Tax for Small Taxpayers (ISPC)

Regarding the ISPC, the following changes have been proposed:

Taxpayers who:

- have shareholdings in other commercial companies at the ISPC's headquarters;
- have shares in public limited companies and other companies that cannot be identified as shareholders;
- distribute their activity in several establishments;
- professionals who provide services to the same entity for more than 183 days in a year.
- carry out activities other than forestry, fishing, livestock, agricultural, poultry and beekeeping, industrial and commercial.

The maximum annual turnover limit increases from MZN 2,500,000.00 to MZN 4,000,000.00.

The proposal introduces the figure of the occasional taxable person, allowing natural persons who carry out one-off operations — mainly agricultural or similar — to be taxed by the ISPC.

The current annual flat fee of MZN 75,000, as well as the optional alternative of 3% of turnover, are eliminated. In its place, the regime will now apply the following non-progressive tax brackets adjusted to turnover and type of activity:

- 3%, for annual turnover equal to or less than MZN 1,000,000.00;
- 4% for annual turnover greater than MZN 1,000,000.00 and equal to or less than MZN 2,500,000.00;
- 5% for annual turnover greater than MZN 2,500,000.00 and equal to or less than MZN 4,000,000.00.

And the following fixed rates:

- 12%, natural or legal persons, who carry out service provision activities, such as plumbing, carpentry, bricklayer, electrician, barbershop, gardening, mechanics;
- 15%, natural or legal persons, who carry out activities of providing services to liberal professions, such as lawyers, economists, geologists, engineers, accountants;
- 20% in respect of the part in excess of the turnover ceiling achieved during the period.

Regarding the obligation to prove and record the transactions carried out, ISPC taxpayers are obliged to:

- Issue an invoice or equivalent document for each transfer of goods or provision of services carried out, as well as make the respective accounting record.
- Invoices or equivalent documents must be issued in the national language and currency, be dated, numbered sequentially and must contain the following elements:
 - Name and Unique Tax Identification Number (NUIT) of the participants;
 - Quantity and usual denomination of the goods transmitted or services rendered;
 - Price corresponding to each operation.

- Whenever, in the exercise of their activity, ISPC taxpayers acquire goods or services from non-registered natural persons for taxation purposes, under the terms of numbers 3 and 4 of article 3 of the ISPC Law, and up to the overall annual limit of MZN 2,500,000.00, they are now obliged to:
 - Issue an invoice on behalf of the supplier, containing all the elements legally required by the VAT Code;
 - Withholding tax at the rate of 5%;
 - Deliver the withheld tax to the Tax Administration, quarterly, in its own official form.

This regime introduces, in practice, the obligation to formalize and prove operations carried out with suppliers that do not have organized accounting, imposing on purchasers the duty to document purchases, keep receipts and ensure compliance with associated tax obligations.

- The acquisitions referred to in the previous paragraph must be directly related to the activity carried out by the ISPC taxable person.
- ISPC taxpayers must submit to the Tax Administration the data relating to the invoices issued, referring to each transaction of transmission of goods or provision of services, under the terms to be defined by the applicable legislation.

Liberal professions (such as lawyers, engineers, accountants and consultants) now have a maximum limit of 5 years of permanence at the ISPC.

The exemption provided for in the law in force, based on 36 higher minimum wages (currently MZN 685,570) is eliminated, and the exemption is now of a minimum quarterly taxable amount of MZN 500, which in the general regime corresponds to an exemption on MZN 66,668 per year, MZN 16,668 annual income for technical and manual services and MZN 13,336 for liberal professionals. In addition, the fact that the exemption now proposed is a fixed amount will make it progressively less important through the inflationary effect.



Personal Income Tax (IRPS)

Regarding the IRPS, the following changes were proposed:
The concept of tax residency now covers:

- primary residence in Mozambique, and all income, including income obtained outside Mozambique;
- they are employed in Mozambique, whether paid or unpaid, unless they can prove that it is a secondary activity;
- have the center of their economic interests in Mozambique, even if paid or not.
- Nationals who perform their duties or are on assignment in a foreign country and are not subject to income tax on their total income in that country are also considered domiciled in Mozambique for tax purposes
- On the other hand, the 180 days of stay currently established are no longer considered;

Article 22, relating to income obtained in Mozambican territory, now expressly includes the transmission of digital goods and the provision of digital services carried out or used in Mozambique, accompanied by detailed definitions of "digital goods" and "digital services".

In the current regime of property income (art. 48), it is assumed that maintenance and conservation expenses correspond to 30% of income automatically, and it is possible to deduct higher amounts through documentary evidence, which results in an effective rate of 14% on the withholding of 20%.

The new wording eliminates this presumption and now always requires documentary proof of expenses, setting a maximum deduction limit of 30% of income, to be carried out only at the time of aggregation. In practice, the effective rate becomes 20%, unless the taxpayer proves, in the aggregation, the maintenance expenses.

With the elimination of paragraph b) of paragraph 2 of article 52, there is no longer an exemption from submitting the income tax return for taxpayers with income exclusively from dependent work, and it is now mandatory, for all taxpayers, to submit the income tax return (Model 10).

The reform introduces the addition of article 54-A, which establishes an autonomous regime for the taxation of capital gains, providing for the application of rates between 10% and 32%, depending on the respective taxable amount, according to the table proposed below:

Taxable income in meticals (A)	Fees (B)
Up to 42,000	10%
From 42,001 to 168,000	15%
From 168,001 to 504,000	20%
From 504,001 to 1,512,000	25%
Beyond 1,512,000	32%

The proposal also determines the autonomous taxation of undocumented or illicit charges at the rate of 35%.

Regarding the withholding taxes (art. 57), it provides for taxation, at the rate of 10%:

- The commissions earned by electronic money agents.
- Income obtained from the transfer of goods or provision of digital services carried out by non-residents or whose income debtor is not a taxable person.
- Income obtained from the transfer of goods or provision of digital services carried out to IRPS taxpayers.

The amendments also include the repeal of the simplified regimes (articles 30, 33, 73 and 74). With the elimination of the simplified bookkeeping and income determination regimes, taxpayers in the second category are now obliged, in a generalized manner, to adopt organized accounting, as reinforced in article 72.

This change is articulated with the transitional provisions, which determine the obligation for all taxpayers currently included in the simplified regimes to migrate to the organized accounting regime, removing the possibility of opting for the ISPC regime, even though it may prove to be more favourable.



Corporate Income Tax (IRPC)

The proposal to revise the IRPC proposes the following changes:

The concept of permanent establishment (article 3) is amended, reducing from six to three months the period for qualifying a shipyard as a permanent establishment. The proposal also covers digital, consulting and other intangible services, even without a physical presence in Mozambique, when provided for more than 90 days, aggregated in 12 months.

This approach differs from the traditional approach adopted in many treaties based on the OECD Model, which usually define a time criterion of more than 183 days to consider continuous services as a permanent establishment.

Within the scope of the extension of the tax obligation (art. 5), the proposal includes in the notion of income obtained in Mozambican territory those arising from the transmission of digital goods and the provision of digital services used in Mozambique, regardless of the location of the supplier. In addition, it establishes taxation, at the rate of 10%, on direct or indirect transmissions involving assets located in the country, incorporating new definitions on digital goods and services — such as software, cryptocurrencies, digital content and cloud services.

Regarding income or gains (art. 20), the proposal introduces a specific additional category for commissions obtained by electronic money intermediation agents, taxed at the 10% flat rate.

In the field of capital gains, the proposal introduces article 61-A, which establishes an autonomous rate of 32% on income arising from capital gains.



This amendment is accompanied by the repeal of the reinvestment regime provided for in article 39, which previously allowed for the deferral or elimination of taxation if the value was reinvested in fixed assets.

With regard to accounting obligations (art. 75), the proposal partially repeals the current regime. In particular, the simplified bookkeeping regime is eliminated, through the repeal of articles 47, 75, paragraph 2, and 76, reinforcing the obligation to adopt accounting organized by computer means.

The elimination of these simplified regimes is articulated with the transitional provisions, which impose on all taxpayers currently included in these regimes the mandatory transition to organized accounting until January 2026, ruling out the possibility of opting for the ISPC regime, even though it may prove to be more favourable.

Value Added Tax (VAT)

With regard to VAT, the following changes have been proposed:

Article 18 establishes that the right to deduct the tax only exists when it is mentioned on invoices or equivalent documents issued by taxpayers registered for VAT in Mozambique. Taking into account that these taxpayers are not registered with VAT or have a NUIT in Mozambique and the registration process may not be feasible due to the small expression of operations in the country.

In turn, article 26 maintains the rule according to which, in the absence of a tax representative of the non-resident taxpayer, the tax obligations fall on the acquirer.

This understanding is reinforced by Article 33, which determines that the obligations provided for in Article 26 must be fulfilled through the declaration of isolated transactions.

This declaration currently requires the NUIT registration of the vendor/vendor. It has been the practice of the AT to allow the buyer to fill in the data on behalf of the seller, and the question remains whether the deduction of tax paid on behalf of non-residents will be allowed in this case.

For all intents and purposes, if the deduction is possible, along the same lines as the self-assessment currently carried out, the new rules will require additional procedures and tax assessments even in cases where the taxpayer has VAT to receive.

Regarding the VAT refund regime referred to in article 21, the deadline for the Tax Authority to make the refund is extended from 30 to 150 days, and the right to request the refund is now time-barred within 10 years, counted from the birth of the right to deduction. At the same time, the powers of the Tax Administration to suspend declared credits are reinforced, for a period of 60 days, as opposed to the previous 30 days, when it is not possible to verify their legitimacy due to a fact attributable to the taxpayer.

With regard to reporting and invoicing obligations, (Articles 25, 27) the proposal requires the submission of invoices to the Tax Administration under the terms to be regulated, as well as adjusts the deadlines for submitting the periodic declaration relating to the operations carried out in the exercise of its activity during the previous month, to the competent authority (Article 32), in the following terms:

- until the fifteenth day of the following month in the case of the periodic declaration with or without operations.
- until the tenth day of the month following that to which operations carried out in national territory by non-resident tax persons without a permanent establishment in Mozambique relate (Article 26(1)).

Entities with more than one establishment must, in the periodic declaration, indicate the sales by establishments and other transactions carried out in them, under the terms to be regulated.

Finally, it should be noted that the repeal of the special exemption and simplified taxation regimes, with taxpayers falling under these regimes complying with the material and formal obligations under the terms of the VAT code, ruling out the possibility of opting for the ISPC regime, even though it may prove to be more favourable.



Excise Duty (ICE)

Regarding the ICE, the following changes have been proposed:

The system of gradual reductions of 30%, 20% and 10%, previously provided for the first three years of operation of the new manufacturing units dedicated to the production of alcoholic and non-alcoholic beverages with added sugar or other sweeteners, is no longer applicable. Thus, the new units will no longer benefit from these percentages of tax reduction.

Reduction of the tax burden on passenger cars and other motor vehicles principally designed for the transport of persons (other than those of heading No 87.02), including *station wagons* and racing cars, and other vehicles equipped solely with an electric motor for propulsion from 30% to 5%.

The following tariff codes are introduced:



Tariff heading	EXCISE DUTY RATE TABLE - ECI	
	Description of goods	Fees 2026 and 2027 Advalorem (%)
8702.10.10	Jeep type, with four-wheel drive, new and used up to 7 (Seven) years.	20%
8702.10.20	Jeep type, with four-wheel drive, used for more than 7 (seven) years.	25%
8702.20.00	Equivalent for propulsion, Simultaneously with compression ignition piston engine (diesel or semi-diesel) and electric motor.	20%
8702.30.00	Equipped for propulsion, simultaneously with a spark-ignition piston engine and electric motor.	20%
8702.40.	With electric motor only for propulsion:	
8702.40.10	Buses for the transport of 40 or more people	Free
8702.40.20	Other	Free
8702.90.10	With four-wheel drive, new and used up to 7 (Seven) years.	20%
8702.90.20	With four-wheel drive, used for more than 7 (seven) years.	25%
8702.90.90	Other	Free
8703.80.10	With battery capacity (autonomy) up to 62 KWh	5%
8703.80.20	Other	15%

Customs Tariff

With regard to the Customs Tariff, the following changes have been proposed

Amendment to the regime applicable to travellers' allowances. In the previous wording, goods whose value exceeded the franchise granted were taxed by the difference calculated, applying a single rate of 10% of customs duties, with exemption from the use of the Harmonized System of Description and Coding of Goods. The new wording of Article 21(2) maintains the principle of taxation only on the amount that exceeds the deductible, taxing by the difference in value in relation to the right in question.

In article 22 regarding goods that may benefit from exemption or reduction of duties, the following was added: Motor vehicles of tariff codes 8702 and 8704, when destined to State Institutions or under agreements and treaties entered into by the Government, for the implementation of State projects, in which it is foreseen that the expenditure related to duties and other customs charges is borne by the Mozambican State.

Regarding the tariff disarmament listed in article 27, the Tariff Disarmament Calendar in relation to the African Continental Free Trade Area (AfCFTA) was added.

CAT	General Fee 2021- 2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
A	2.50%	2.1%	1.7%	1.2%	0.8%	0.4%	0	0	0	0
	5%	5.0%	4.0%	3.0%	2.0%	1.0%	0	0	0	0
	7.5%	6.26%	5.0%	3.75%	2.5%	1.25%	0	0	0	0
	20%	16.7%	13.3%	10.0%	6.7%	3.3%	0	0	0	0
B	2.5%	2.5%	2.2%	1.9%	1.6%	1.25%	0.94%	0.63%	0.31%	0
	5%	5%	4.4%	3,75%	3.1%	2.5%	1.89%	1.25%	0.63%	0
	7.5%	7.5%	6.56%	5.63%	4.7%	3.75%	2.8%	1.9%	0.99%	0
	20%	20%	17.5%	15%	12.5%	10%	7.7%	5.0%	2.5%	0
C	Exclusion									

New splits of Harmonized System Tariff Codes are also introduced, in tariff headings **35.06, 38.10, 39.20, 70.07, 74.08, 76.04, 76.12, 84.51, 84.61, 84.79, 84.86, 85.36, 85.41, 87.02, 87.03, 87.04, 87.16, 90.31 and 95.07**, as follows:

Code	Description of Goods	Units.	Class	Fee	Categ.
3506.91.10	Polymer-based adhesives of headings 3901 to 3913 or rubber	KG		20	B1
3506.91.20	Silicone for sealing solar panels – silicone sealant for photovoltaic modules STY – 911	KG		20	B1
3810.90.10	Solar Panel Welding Flux – 952S – Low Pollution	KG		7,5	B21
3810.90.90	Other	KG		7,5	B21

Code	Description of Goods	Units.	Class	Fee	Categ.
3920.49.10	Ethylene vinyl acetate (EVA) screens for adhesion of solar panel components – Resistant to ultraviolet rays, excellent adhesion to tempered glass and aluminum, with a thickness between 0.40 and 0.50mm	KG		7,5	B21
3920.49.90	Other	KG		7,5	B21
7007.19.10	Tempered Glass for Solar Panel Production – Fully tempered low-iron, ultra-clear, prismatic glass plates, maximum dimensions 2x1 meter and thickness of 3.2+/- 0.14 mm	KG		7,5	B21
7007.19.20	Other	KG		7,5	B21
7408.29.10	Solar Panel Soldering Metal Strip (Ribbon) – Tin Plated Copper	KG		7,5	B21
7408.29.20	Other	KG		7,5	B21
7604.10.10	Aluminum profile kit for framing (frame/armor) of solar panels – anodized aluminum (MP9902A)	KG		7,5	B21
7604.10.90	Other	KG		7,5	B21
7612.90.10	Containers for the storage and transport of liquids	KG		7,5	B21
7612.90.90	Other	KG		7,5	B21
8451.80.10	Solar Panel Glass Washing Machine – Ability to wash panel glass up to 500Wp	P/ST	K	5	C22
8451.80.20	Other	P/ST	K	5	C22
8461.90.10	Metal strip cutting machine (Ribbon) for welding solar panels – 380V voltage; Three phase: 50Hz	P/ST	K	5	B22
8461.90.20	Tack Mesh (EVA) Cutting Machine for Solar Panel Components and Back Protection Fabrics (Becksheet) – 380V Voltage; three-phase 50Hz	P/ST	K	5	B22
8461.90.30	Other	P/ST	K	5	B22
8479.89.10	Silicone Solar Panel Sealing Machines – Pneumatic, Pressure up to 12 Bars	P/ST		7,5	B21
8479.89.90	Other	P/ST		7,5	B21
8486.20.10	Tabulation and stringer machine (formation of rows of solar cells and transport) – Voltage of 380V; three-phase; 50Hz	P/ST		7,5	B21
8486.20.20	Solar Panel Laminating Machine – 360V Voltage; three-phase; 50Hz.	P/ST		7,5	B21
8486.20.30	Machine for placing a frame on solar panels (for mechanical resistance) – 380V voltage, three-phase; 50Hz	P/ST		7,5	B21
8486.20.90	Others.	P/ST		7,5	B21
8486.40.10	Corner application machines for framing solar panels - 380 volt voltage; three-phase; 50Hz	P/ST		7,5	B21
8486.40.90	Other	P/ST		7,5	B21
8536.90.10	Solar Panel Terminal Junction Box – Minimum Insulation Condition – IP 67	P/ST		7,5	B21
8536.90.90	Other	KG		7,5	B21
8541.42.10	Solar cells – polycrystalline and monocrystalline	KG		7,5	B21

Code	Description of Goods	Units.	Class	Fee	Categ.
8541.42.90	Other	KG		7,5	B21
8702.40.10	Buses for the transport of 40 or more people	P/ST	K	5	B21
8702.40.90	Other	P/ST	K	5	B21
8703.80.10	With battery capacity (autonomy) up to 62 KWh	P/ST		20	B22
8703.80.90	Other	P/ST		20	B22
8716.80.10	Other non-self-propelled vehicles (traction wagons)	P/ST	K	5	B22
8716.80.90	Other	P/ST	K	5	B22
9031.49.10	Solar Panel Quality Testing Machines – 380V Voltage, Three Phase; 50 Hz	KG		7,5	B21
9031.49.20	Solar Cell Testing Machines – 380V Voltage; three-phase; 50 Hz....	KG		7,5	B21
9031.49.90	Other	KG		7,5	B21
9507.90.10	Angling gear	KG	K	5	C22
9507.90.90	Other	KG	K	5	C22

Double cab vehicles with a gross weight with a maximum load not exceeding 5 tonnes of heading 87.04 were removed from class K, and they no longer benefit from exemption from importation.

Code	Description of Goods	Units.	Class	Fee	Categ.
8704.21.10	Double cab and open box with a cylinder capacity of less than 3200 cm ³ new and used up to 7 (seven) years	P/ST		5	B22
8704.21.20	Double cab and open box with a cylinder capacity of less than 3200 cm ³ used with more than 7 (seven) years	P/ST		5	B22
8704.21.30	Double cab and open box with a cylinder capacity of more than 3200 cm ³ new and used up to 7 (seven) years.	P/ST		5	B22
8704.21.40	Double cabin and open box with a cylinder capacity greater than 3200 cm ³ used with more than 7 (seven) years.	P/ST		5	B22
8704.31.10	Double cab and open box new and used up to 7 (seven) years.	P/ST		5	B22
8704.31.20	Used double cab and open box with more than 7 (seven) years.	P/ST		5	B22

On the other hand, in heading 87.04, the following tariff codes shall remain in class K:

Code	Description of Goods	Units.	Class	Fee	Categ.
8704.10.00	Dumpers designed for off-highway use	P/ST	K	5	B22
8704.21.50	Extended cabin	P/ST	K	5	C22
8704.21.90	Other	P/ST	K	5	C22
8704.22.00	Of a gross vehicle weight (at maximum laden load*) exceeding 5 tonnes but not exceeding 20 tonnes	P/ST	K	5	C22
8704.23.00	Of gross vehicle weight (at maximum load*) exceeding 20 tonnes	P/ST	K	5	C22
8704.31.30	Extended cabin	P/ST	K	5	B22

Code	Description of Goods	Units.	Class	Fee	Categ.
8704.31.90	Other	P/ST	K	5	B22
8704.32.00	Of a gross vehicle weight (at maximum load*) exceeding 5 tonnes	P/ST	K	5	B22
87.04.41.10	Double cab and open box with a cylinder capacity of less than 3,200 cm ³ , new and used up to 7 (seven) years.	P/ST	K	5	B22
87.04.41.20	Double cab and open box with a cylinder capacity of less than 3,200 cm ³ , used for more than 7 (seven) years	P/ST	K	5	B22
87.04.41.30	With a double cab and open body with a cylinder capacity of more than 3,200 cm ³ . new and used up to 7 (seven) years	P/ST	K	5	B22
87.04.41.40	Used double cab and open box with a cylinder capacity greater than 3,200 cm ³ over 7 (seven) years old	P/ST	K	5	B22
87.04.41.50	Extended cabin	P/ST	K	5	B22
87.04.41.90	Other	P/ST	K	5	B22
87.04.42.00	Of a gross vehicle weight (at maximum laden load *) exceeding 5 tonnes but not exceeding 20 tonnes	P/ST	K	5	B22
87.04.43.00	Of gross vehicle weight (at maximum load*) exceeding 20 tonnes	P/ST	K	5	B22
8704.51.10	New and used double cab and open bed up to 7 (seven) years old	P/ST	K	5	B22
8704.51.20	Double cabin and open box, used for more than 7 (seven) years.	P/ST	K	5	B22
8704.51.30	Extended cabin	P/ST	K	5	B22
8704.51.90	Other	P/ST	K	5	B22
8704.52.00	Of a gross vehicle weight (at maximum load*) exceeding 5 tonnes	P/ST	K	5	B22
8704.60.00	Other, with only an electric motor for propulsion	P/ST	K	5	B22
8704.90.00	Other	P/ST	K	5	B22





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