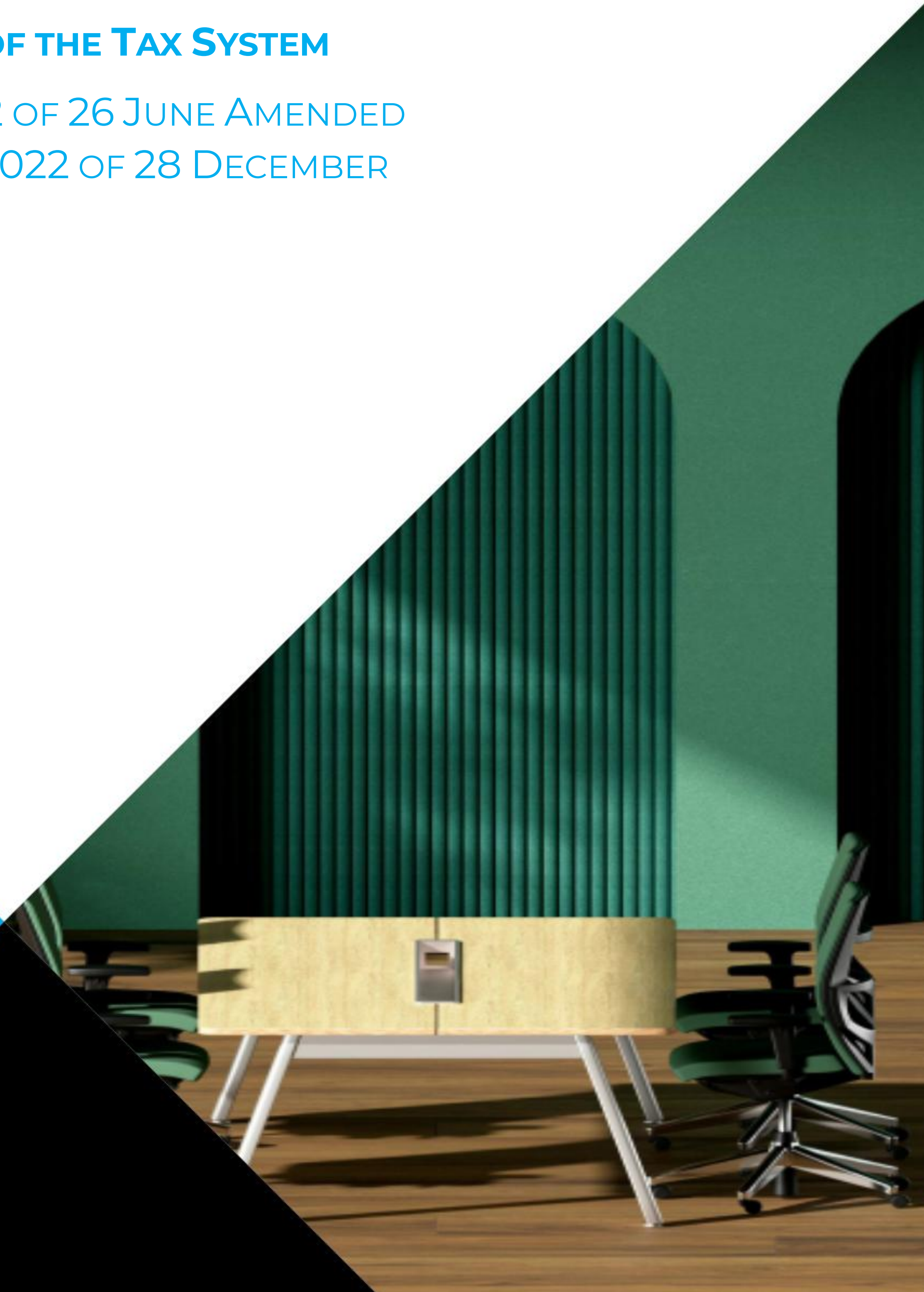
Basic Law of the Tax System

Law No. 15/2002 of 26 June Amended by Law No. 21/2022 of 28 December



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TITLE I – GENERAL PROVISIONS

CHAPTER I – Principles and purposes of the tax system

ARTICLE 1 – (Purpose)

This Law establishes the principles of organization of the tax system of the Republic of Mozambique, defines the guarantees and obligations of the taxpayer and the tax administration, determines the basic procedures for the settlement and collection of taxes and establishes the general regime of tax infractions.

ARTICLE 2 – (Purposes of taxation)

1. Taxation aims to satisfy the financial needs of the State and other public entities and promotes social justice, equal opportunities and the necessary redistribution of wealth and income

2. Taxation respects the principles of generality, equality, legality, non-retroactivity, substantive justice and the efficiency and simplicity of the tax system.

ARTICLE 3 – (Principle of tax legality)

1. There is no place for the collection of taxes that have not been established by reading.

2. The incidence, rate, tax benefits, guarantees and obligations of taxpayers and the tax administration and the regime of tax offences shall be subject to the principle of tax legality.

ARTICLE 4 – (Tax)

1. The tax is a payment to the State Budget, unilateral and mandatory in nature, including legal charges and interest provided for in tax rules

2. Taxes shall be calculated in monetary form and paid in the national currency of the Republic of Mozambique.

ARTICLE 5 – (Interpretation)

1. In determining the meaning of the tax rules and in the classification of the facts to which they apply, the general rules and principles of interpretation and application of the laws shall be observed.

2. Whenever tax rules use terms specific to other branches of law, they must be interpreted in the same sense as those contained therein, unless another understanding follows directly from the law.

3. If the doubt persists as to the meaning of the rules of incidence to be applied, the economic substance of the tax facts must be taken into account.

4. In the case of simulation of a legal act or transaction, taxation shall be levied on the actual legal act or transaction and not on the simulated act or transaction.

5. Gaps resulting from tax rules covered by the reserve of law of the Assembly of the Republic are not susceptible to analogous integration.

6. The rules that determine the incidence and exemptions are not susceptible to broad or analogous interpretation.

ARTICLE 6 – (Tax liability)

1. Tax liability covers, under the terms established by law, the entire tax debt, interest and other legal charges.

2. In addition to the original taxable persons, the tax liability may cover other persons jointly or severally or subsidiarily.

ARTICLE 7 – (International conventions)

1. The rules of international law which apply directly in the domestic order shall prevail over ordinary law.

2. The benefits contemplated in international conventions on the mitigation or elimination of double taxation shall not be granted to the resident of the Contracting State of the Convention, if this convention is used by a third party, not resident of that State, for the purpose of obtaining such benefits.

CHAPTER II – Definitions

ARTICLE 8 – (Active and passive persons)

1. The active person in the tax relationship is the entity governed by public law, which has the right to demand compliance with tax obligations, either directly or through a representative.

2. The taxable person in the tax relationship is the legal or legal person, the assets or the organization in fact or in law that, under the terms of the law, is bound to comply with the tax payment, whether as a direct taxpayer, substitute or liable.

ARTICLE 9 – (Residence of individuals)

1 Persons who, in the year to which their income relates, are resident in the territory of the Republic of Mozambique:

a) have remained in it for more than 180 days, consecutive or interpolated;

b) having stayed for a shorter time, have housing there in conditions that suggest the intention to maintain and occupy it as a permanent residence;

c) Perform functions or commissions of a public nature abroad, at the service of the Republic of Mozambique;

d) Are crew members of ships or aircraft, provided that they are at the service of entities with residence, headquarters or effective management in Mozambican territory.

2. It is mandatory to communicate the residence of the taxable person to the tax administration.

ARTICLE 10 – (Residence of legal entities)

1. Legal entities with headquarters or effective management in the territory of the Republic of Mozambique are considered residents, and they are also obliged to comply with the obligations to communicate residence, as well as to change them.

2. Effective management shall be understood as the place where the acts of its overall management are normally carried out.

ARTICLE 11 – (Tax substitution)

1. Tax substitution occurs when, as required by this Law or other tax rules, the tax payment is required from a person other than the taxpayer.

2. The tax substitute is the person responsible for the assessment and payment of the tax, in accordance with this Law or other tax rules.

3. The tax substitute is obliged to:

a) To assess, withhold tax and pay the tax in a correct and timely manner;

b) to keep records of the income paid to the taxpayer and of the respective taxes withheld and paid, and is also obliged to have separate records per taxpayer; e

c) to comply with other obligations established in tax rules

4. In the event of breach or defective fulfillment of obligations, the tax substitute is liable, under the terms applicable to the taxpayer, as established in this Law or in other tax rules.

5. The tax substitution is effected through the mechanism of withholding tax due.

ARTICLE 12 – (Withholding Tax)

Deductions of pecuniary amounts made from the income paid or made available to the holder by the tax substitute, which must be delivered by the latter to the State coffers, within the deadlines determined by law, constitute withholding tax.

ARTICLE 13 – (Payment on account)

Advance cash payments made by taxpayers in accordance with the law shall constitute payment on account of the tax due at the end.

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TITLE II – ADMINISTRATIVE PROCEDURES

CHAPTER I – General procedures

ARTICLE 14 – (Taxation of income or unlawful acts)

The unlawful nature of the obtaining of income or of the act does not preclude its taxation.

ARTICLE 15 – (Tax benefits)

1. The creation of tax benefits depends on the clear definition of their objectives to be attributed in cases of recognized socio-economic interest and on the prior quantification of tax expenditure.

2. Holders of tax benefits of any nature are always obliged to disclose or authorize the disclosure to the tax administration of the assumptions for their granting, or to comply with other obligations provided for by law, failing which such benefits will be rendered ineffective.

3. The tax administration may make the granting of tax benefits or the application of tax regimes of a special nature, which are not entirely granted, subject to the fulfillment of conditions by the taxable person, including, in the cases provided for by law, by means of tax contracts.

ARTICLE 16 – (Tax number)

1. The tax administration must assign identification numbers to taxpayers and substitutes Tax identification numbers must be used in all taxes, including customs

2. Taxpayers must include in their declarations, invoices, correspondence with the tax administration and other documents referred to in this Law or in other tax rules, the tax identification number

3 Taxpayers must apply to the Tax Administration for a tax identification number, under the terms defined by law.

ARTICLE 17 – (General guarantees of taxpayers)

They constitute general guarantees of the taxpayer

a) not to pay taxes that have not been established in accordance with the Constitution;

b) to be able to file complaints, challenges or appeals under the terms provided for in this Law or in other tax rules,

c) to be able to appeal against the determination of the taxable amount and the assessment of taxes, in accordance with the law,

d) it can be clarified, by the competent tax service, about the interpretation of tax laws and the most convenient and safe way to comply with them,

e) to be informed about their specific tax situation.

ARTICLE 18 – (Tax representative)

1. Acts in tax matters carried out by the representative on behalf of the represented party shall have effects in the legal sphere of the latter, within the limits of the powers of representation conferred on him by law or by mandate.

2. The fulfilment of tax duties by the incapacitated persons shall not invalidate the respective act, without prejudice to the representative's right of complaint, appeal or challenge

3. Taxable persons residing abroad, as well as those who, although resident in the national territory, are absent from it for a period of more than 180 days, must, for tax purposes, appoint a representative residing in the national territory.

ARTICLE 19 – (Income not expressed in national currency)

The payment of taxes must be made in national currency and in the case of transactions denominated in foreign currency, they must be converted into national currency, under the terms to be regulated.

ARTICLE 20 – (Binding Information)

1. At the request of the taxable person, the competent authority of the Tax Administration may issue binding information concerning the application of tax rules to legal acts or transactions.

2. The information is binding if the taxable person has correctly provided all the tax-relevant legal information related to the legal act or transaction and these have been carried out formally and materially in accordance with the request requested.

ARTICLE 21 – (Obligations of the taxable person)

1. It is the main obligation of the liable person to pay, within the legally stipulated period, the payment of the tax debt.

2. The payment of the tax debt shall be made directly by the taxable person, except as otherwise provided for in this Law or in other tax rules

3. The taxable person's ancillary obligations are those aimed at enabling the determination of the tax obligation, namely the submission of declarations, within the deadlines set by tax rules, the presentation of tax-relevant documents, including accounting or writing, the provision of information and the communication of the place of residence or respective change and other provisions provided for in this Law and other tax rules.

ARTICLE 22 – (Statements)

1. The declarations submitted by taxpayers, as well as the documents accompanying them, must be written in Portuguese, and the amounts contained therein must be expressed in national currency.

2. When the original of any invoice or other documents required by this Law or other tax provisions is written in another language, it is mandatory to present its translation into Portuguese, if required by the Tax Administration

3 The declarations must be signed by the taxpayers or their tax representatives, who initial the documents that accompany them

4 Declarations that are not duly signed are refused, without prejudice to the penalties established for failure to submit them

5. The Council of Ministers is hereby authorized to establish other formalities relating to the submission of declarations.

ARTICLE 23 – (Deadlines)

1. The time limits established in the tax laws shall be subject to the regime set out in the Civic Code.

2. When the tax law determines that any act must be carried out in the month or months following the occurrence of a certain event, it shall be understood that it refers to the calendar months.

ARTICLE 24 – (Inspection)

1. Compliance with the obligations imposed in this Law is supervised by the competent tax administration.

2. For the purposes of the preceding paragraph, any authority and department of the State shall be bound by the duty to cooperate with the tax administration, whenever the latter requests and deems it appropriate, and shall also report any occurrence of which they become aware, by any means.

3. Natural or legal persons engaged in commercial, industrial, agricultural or service provision activities shall provide all the cooperation requested of them by the competent departments, with a view to fully complying with the duties entrusted by law, as well as any elements they need to verify compliance with taxpayers' tax obligations.

ARTICLE 25 – (Information from third parties)

Entities that make payments of any kind, namely those relating to goods or services, are obliged to inform the tax administration of such payments, as well as the respective beneficiaries, as stipulated in this Law or in other tax rules.

CHAPTER II – Liquidation

ARTICLE 26 – (Types of settlement)

1. The assessment may be ex officio when carried out by the tax administration, or self-assessed when carried out by the taxpayer.

2. The liquidation may also be of an additional or presumed type.

ARTICLE 27 – (Settlement Methods)

1. The tax may be assessed on the basis of the taxpayer's declaration, available information or using the withholding tax method.

2. In the case of taxes collected through the withholding tax method and the tax administration does not have information about the taxpayer's tax situation, the

assessment shall be carried out on the basis of the tax withheld on the payments made during the tax period.

ARTICLE 28 – (Notification of liquidation)

The taxpayer must be notified of the assessment made by the tax administration and the notification must include the following information:

a) name of the taxpayer;

b) tax identification number;

c) the date of notification;

(d) the fact which is the subject of the notification and the respective tax period,

e) the amount paid, interest, fines and fines;

f) the request for payment of the tax and the respective deadline;

(g) the place and manner of making the payment,

h) the grounds for the assessment; e

i) complaint, challenge or appeal procedures.

ARTICLE 29 – (Tax assessed higher than due)

1. When, for reasons not attributable to the taxpayer, a tax has been assessed in excess of the amount due, the part of the tax that is shown to be undue shall be cancelled ex officio.

2. Once the assessment has been annulled, either ex officio or by a decision of the competent courts with final and unappealable judgment, the respective annulment certificate shall be processed immediately, to be paid in cash or deducted against any other type of tax.

3. Interest shall be accrued in favour of the taxpayer whenever, after the tax has been paid, the State is convinced, in a complaint or appeal against the assessment, that there has been an error of fact attributable to the services.

4. Interest shall be calculated on a daily basis, from the date of payment of the tax, until the date of processing of the cancellation certificate and added to the amount thereof.

ARTICLE 30 – (Delay in settlement)

1. Whenever, due to a fact attributable to the taxpayer, the payment of part or all of the tax due is delayed, interest shall be added to it, without prejudice to the fine imposed on the offender.

2. Interest shall be calculated on a daily basis, from the end of the period for compliance with the obligation that resulted in a delay in settlement, until the date on which the default is made up for or corrected.

ARTICLE 31 – (Settlement period)

1. The tax may be assessed only in the five years following that to which the taxable amount relates.

2 - When it is found that errors of fact or law have been committed in the liquidation, or that there have been any omissions resulting in damage to the State, the tax office shall remedy it by means of an additional assessment, but always in compliance with the period set out in the preceding paragraph.

CHAPTER III – Extinction of tax liability

ARTICLE 32 – (Forms of extinction of tax payments)

1. Tax instalments shall be paid in currency or by cheque, debit account, account-to-account transfer, postal order or other means used by the postal services or credit institutions, which the law expressly authorises

2. The dation in fulfillment, the offsetting and the cancellation of the tax shall be permitted in the cases expressly provided for by law

3. Taxpayers or third parties who make the payment must indicate the taxes and tax periods to which they refer.

4. If the amount to be paid is less than the amount due, the payment shall be successively charged in the following order: a.

a) default interest;

b) other legal charges;

c) fines and fines;

d) tax debt, including compensatory interest.

ARTICLE 33 – (Reimbursement techniques)

If the tax paid exceeds the assessed tax due, the tax administration must. and after notifying the taxpayer

a) dispose of the undue payment and offset any other tax debt of the taxpayer,

(b) with the taxpayer's consent, use that payment to offset any other type of future tax debts of the taxpayer, or

c) except as otherwise provided for in this Law, proceed with the reimbursement.

ARTICLE 34 – (Payment in installments)

1. A debtor who is unable to comply with the tax debt in full and at once may request payment in instalments, under the terms established by law.

2. The provisions of the preceding paragraph shall not apply to amounts withheld at source or legally passed on to third parties or when the payment of the tax is a condition for the delivery or transfer of the goods.

3. In installment payments, in situations of arrears and other provisions provided for in tax laws, the MAIBOR interbank interest rate shall apply, plus a percentage to be fixed by the Council of Ministers.

ARTICLE 35 – (Default interest)

If none of the instalments or the full amount of the tax is paid on the legally stipulated date, default interest begins to accrue immediately.

ARTICLE 36 – (Statute of Limitations)

The limitation period for tax debts is fifteen years, without distinction of good or bad faith.

CHAPTER IV – Collection

ARTICLE 37 – (Methods of collection)

1. The collection of tax debts may take the form of voluntary payment or by coercive collection.

2. Voluntary payment of tax debts shall be made within the time limit established in the tax laws.

ARTICLE 38 – (Guarantee of tax credits)

1. The debtor's assets constitute the general guarantee of tax credits.

2. To guarantee tax credits, the tax administration also provides:

a) the right to establish, in accordance with the law, the legal pledge or mortgage, when these guarantees prove necessary for the effective recovery of the debt or when the tax is levied on the ownership of the assets;

b) the right of retention of any goods subject to tax action owned by the taxable person, under the terms established by law.

3. The effectiveness of the rights referred to in subparagraph a) of the preceding paragraph depends on registration.

ARTICLE 39 – (Tax Officers)

1 In the case of tax substitution, entities that make payments and do not comply with the withholding tax obligation are responsible for paying the tax not withheld, plus the respective interest, fines or fines.

2 Subsidiary liability is effected by reversal of the tax enforcement procedure, and the reversal against the subsidiary liable party is dependent on the well-founded insufficiency of the seizable assets of the principal debtor and of the jointly and severally liable parties, without prejudice to the benefit of foreclosure

3 They are jointly and severally liable for the fulfillment of the tax debt, interest, fines, fines and other legal charges.

a) the partners or members of liability companies;

b) the shareholders who control, directly or indirectly, the management decisions of the company;

c) the directors or managers of the limited liability companies, for the period of their management.

ARTICLE 40 – (Notifications to taxpayers)

Unless otherwise provided by law, notifications to taxpayers may be made by post, by registered letter with acknowledgment of receipt signed by them or at their request.

CHAPTER V – Tax offences

ARTICLE 41 – (Definition of tax infraction)

1. A tax offence shall consist of an act, action or omission of the taxpayer, substitute, responsible person or tax representative, contrary to tax laws.

2 Tax offences are divided into crimes and administrative offences, which may be classified as simple or serious.

3 For the purposes of imposing fines or penalties, tax offences are of a procedural or substantive nature.

ARTICLE 42 – (Types of fault)

Tax offences can be committed with intent or negligence.

ARTICLE 43 – (Crimes and misdemeanors)

1. Acts aimed at the non-assessment or payment of tax shall constitute a tax offence and shall also be classified as material tax offences.

2. Acts that prevent the correct and timely fulfilment of the tax provision shall constitute tax offences, also qualifying as formal tax offences.

ARTICLE 44 – (Tax abuse)

Any act aimed at delaying compliance with the tax provision constitutes tax abuse.

ARTICLE 45 – (Applicable penalties)

1 Imprisonment and a fine are applied to tax crimes.

2. Tax offences are punishable by a fine or other ancillary sanctions defined in tax laws.

3. A prison sentence of more than 2 to 8 years shall be applicable for the following tax offences committed with intent:

a) simulation to the detriment of the State;

b) vitiation, falsification, concealment, destruction, embezzlement or destruction of the accounts, as well as of any books, records and documents required by tax legislation;

c) refusal to show the accounting, or any elements required by tax legislation, or documents related thereto; e

d) lack of discount, or total or partial non-delivery of the tax, in cases where the respective withholding tax is time-barred.

4. The tax crimes referred to in the preceding paragraph, committed by negligence, shall not be punished by more than 2 years in prison.

5. The regulation of the various taxes may also include the establishment of ancillary penalties, such as the suspension of the tax benefits granted, the inhibition of obtaining them, the temporary or permanent prohibition of the exercise of the activity and the publicity of the conviction.

ARTICLE 46 – (Fines and fines)

1. Fines and fines may be of a fixed or variable amount.

2. Fines or fines may be graduated according to the degree of culpability of the offender, intent or negligence.

3. In the case of spontaneous payment, the fine or fine may be extinguished or reduced.

ARTICLE 47 (Denunciation)

The complaint of a tax offence may give rise to criminal proceedings, if the whistleblower identifies himself and the lack of foundation of the complaint is not manifest.

ARTICLE 48 – (Extinction of liability for tax offences)

The following are causes for extinction of liability for tax offences:

a) the voluntary or coercive payment of fines or fines;

b) the death of the offender;

c) amnesty;

d) the statute of limitations.

CHAPTER VI – Resources

ARTICLE 49 – (Complaint)

1. The complaint procedure aims at the total or partial annulment of tax acts on the taxpayer's initiative, including, under the terms of the law, the substitutes, representatives and tax officers.

2. The total or partial rejection of the complaint may be appealed within the legally stipulated period.

ARTICLE 50 – (Hierarchical appeal)

1. The decisions of the tax administration bodies are subject to hierarchical appeal.

2. Hierarchical appeals shall be addressed to the hierarchical superior of the author of the act.

3. Hierarchical appeals, unless otherwise provided for in the tax laws, are merely optional in nature and have a devolutive effect.

4. If the law gives the hierarchical appeal suspensive effect, it shall be limited to the part of the contested decision.

5. The decision on the hierarchical appeal is subject to judicial appeal.

6. The decisions of the tax administration must always be reasoned by a statement of the reasons of fact and law that motivated them, and must always contain the applicable legal provisions.

ARTICLE 51 – (Burden of proof)

In the process of determining and settling the tax, it is the taxpayer's obligation to prove the inaccuracy or irregularity detected.

CHAPTER VII – Procedures related to the Tax Administration

ARTICLE 52 – (Delegation of powers)

1. Except in the cases provided for by law, the tax administration bodies may delegate the competence of the procedures to their immediate hierarchical inferior.

2. The competence referred to in the preceding paragraph may be sub-delegated, with the authorisation of the delegator, except in cases where the law prohibits it.

ARTICLE 53 – (Powers of the inspection and inspection services)

1. The competent bodies may, in accordance with the law, take all the necessary steps to determine the tax situation of taxpayers, namely:

a) have free access to the premises or places where there may be elements related to their activity or to that of other tax obligators;

b) to examine and review its books and records of accounting or bookkeeping, as well as all elements likely to clarify its tax situation;

(c) access, consult and test its IT system, including documentation on its analysis, programming and implementation;

d) To request the collaboration of any public entities necessary to ascertain their tax situation or of third parties with whom they maintain economic relations;

e) to request documents from notaries, registrars and other official entities;

f) use its facilities when necessary for the exercise of the inspection action.

2. Access to information protected by professional or banking secrecy or any other legally regulated duty of secrecy depends on judicial authorization, under the terms of the applicable legislation.

3. There may only be more than one external tax procedure concerning the same taxable person, tax and tax period, by means of a reasoned decision based on new facts, by the head of the departments, unless the inspection is aimed only at confirming the legal assumptions that the taxpayer invokes before the tax administration and without prejudice to the determination of the taxable person's tax status by means of inspection or inspections addressed to third parties with whom it maintains economic relations

4. Failure to cooperate in the implementation of the delays provided for in paragraph 1 of this article shall be legitimate only if they involve:

a) access to the taxpayer's housing,

b) the consultation of elements covered by professional or banking secrecy or any other legally regulated duty of compliance, except with the consent of the holder;

c) access to facts of the intimate life of citizens,

d) the violation of personality rights and other rights, freedoms and guarantees of citizens, under the terms and limits provided for in the Constitution and in the law

5. In the event of opposition by the taxpayer on the basis of some of the circumstances referred to in the preceding paragraph, the procedure may only be carried out with authorisation granted by the competent court on the basis of a reasoned request from the tax administration.

ARTICLE 54 – (Obligations of the Tax Administration)

The bodies of the Tax Administration must

a) to observe the Constitution, this Law and other tax rules;

b) to participate in the execution of the national tax policy;

c) to carry out the tax registration of taxpayers and to supervise the assessment and payment of taxes,

(d) to organise statistical information on tax revenue and expenditure,

e) to apply in a timely manner penalties of interest, fines or fines,

(f) carry out inspections in accordance with the tax laws in force;

g) To issue instructions and circulars on matters within its competence.

ARTICLE 55 – (Confidentiality)

1. Directors, employees and agents of the tax administration are obliged to maintain confidentiality about the data collected, relating to the tax situation of taxpayers and the elements of a personal nature that they obtain in the procedure, namely those arising from professional secrecy or any other legally regulated duty of secrecy.

2. The duty of secrecy shall cease in the event of.

a) authorization of the taxpayer to reveal its tax status;

b) legal cooperation of the tax administration with other public entities, to the extent of its powers;

c) mutual assistance and cooperation of the tax administration with the tax administrations of other countries resulting from international conventions to which the Republic of Mozambique is bound, whenever reciprocity is provided for;

d) collaboration with justice under the terms of the Code of Civil Procedure and Code of Criminal Procedure.

3 The duty of confidentiality is communicated to anyone who, under the preceding paragraph, obtains elements protected by tax secrecy, under the same terms as the secrecy of the tax administration

TITLE III – TAX SYSTEM OF THE REPUBLIC OF MOZAMBIQUE

CHAPTER I – The Taxes of the Tax System

ARTICLE 56 – (Classification of taxes)

1. The Tax System of the Republic of Mozambique integrates national and local taxes

2. This Law establishes national taxes, and municipal taxes are defined in a law specific to municipal finances

3. Taxes of the National Tax System are classified as direct and indirect, acting at various levels, namely:

(a) direct taxation of income and wealth, and

b) indirect taxation of expenditure.

Section I – Direct taxation

ARTICLE 57 – (Income taxation)

Direct taxation of income in the Republic of Mo-.

Cambique is done through the following tax system

a) Corporate Income Tax

- IRPC,

b) Personal Income Tax

- IRPS.

ARTICLE 58 – (Corporate Income Tax – IRPC)

1 Corporate Income Tax (IRPC) is levied on income obtained, even if from unlawful acts, during the tax period, by taxpayers

2 They are IRPC taxpayers

a) Commercial or civil companies in commercial form, cooperatives, public companies and other legal persons governed by public or private law with headquarters or effective management in Mozambican territory.

b) entities without legal personality, with head office or effective management in Mozambican territory, whose income is not taxed in IRPS or IRPC in the ownership of the natural or legal persons that comprise them,

c) entities, with or without legal personality, that do not have their head office or effective management in a Mozambican territory and whose income obtained therein is not subject to IRPS

3 Civil companies not incorporated in commercial form and professional partnerships, whose profits or losses are imputed to the respective shareholders and taxed in IRPS or IRPC, according to their participation in the profits

4. In relation to entities with headquarters or effective management in Mozambican territory, the IRPC is levied on all their income, including those obtained outside that territory, and in this case it may deduct the tax paid abroad, under the terms to be regulated.

5 Entities that do not have their head office or effective management in Mozambican territory shall be subject to IRPC only in respect of the income obtained therein.

6. Deleted.

7. Income obtained in Mozambican territory by entities that do not have their head office or effective management in Mozambique and that is not attributable to a permanent establishment located there are taxed in IRPC at withholding rates of up to twenty percent.

8. Deleted.

ARTICLE 59 – (Exemptions from IRPC)

1. The following are exempt from this tax:

a) the State;

b) Local authorities and associations or federations of municipalities, when they carry out activities whose object is not to obtain profit;

c) Entities of public, social or cultural good, when these do not have commercial, industrial or agricultural activities as their object;

(d) social security institutions that are legally recognised and well established by social security institutions.

2. The Law defines the terms under which, in accordance with economic and social policy objectives, cooperatives may enjoy total or partial exemption from IRPC, without prejudice to the taxation of their income subject to this tax by withholding tax.

ARTICLE 60 – (Personal Income Tax – IRPS)

1. The Personal Income Tax (IRPS) is based on the principles of unity and progressivity, and its regime takes into account the needs and income of the household.

2. The IRPS is levied on the annual total value of income, even when arising from unlawful acts, of the following categories, after the corresponding deductions and deductions have been made:

a) first category: income from dependent work;

b) second category: business and professional income;

c) third category: income from capital and capital gains;

d) fourth category: property income;

e) fifth category: other income.

ARTICLE 61 – (Concepts of income of natural persons)

1. Income from employment shall be deemed to be all remuneration arising from employment work, provided either by servants of the State and other legal persons governed by public law, or as a result of an employment contract or other legally equivalent to it. Income from employment includes pensions and annuities for life or income of a comparable nature.

2. For the purposes of this tax, business and professional income is considered to be income obtained by natural persons:

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

b) in the exercise, on their own account, of any activity of provision of services, even if connected with any activity mentioned in the previous paragraph;

c) arising from the right on intellectual or industrial property or from the provision of information relating to experience acquired in the industrial, commercial or scientific sector, when received by its author or original holder.

3. Capital income shall be deemed to be: interest and profits, including those determined on liquidation, made available to the shareholders of the companies or to the member in a partnership agreement or association to quota, as well as amounts made available to the members of cooperatives as remuneration for capital; income derived from participation securities, certificates of investment funds, bonds, and other similar or from repo operations; income arising from the deferral in time of an installment or late payment; income arising from contracts that have as their object the assignment 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 their author or original owner, or even those derived from technical assistance and the use or concession of the use of agricultural, industrial, commercial or scientific equipment.

4. Gains resulting from the onerous transfer of immovable property or shares and other securities, from the assignment of leases and other rights and assets permanently assigned to the exercise of independent professional activities, from the onerous transfer of intellectual or industrial or scientific property, when the transferor is not its author or original owner, shall constitute taxable capital gains under IRPS.

5 Property income is considered to be income arising from the lease, in whole or in part, of rustic or urban buildings and from the assignment of operation of commercial or industrial establishments, including movable property in those existing ones.

6. Other income shall be deemed to be cash winnings paid or made available from any modalıdades of lotteries, raffles, totalisator betting, lotteries, bingo, raffles, competitions and other types of social entertainment games, as well as asset increases, provided that they are not considered income from other categories.

ARTICLE 62 – (IRPS – Subjective incidence)

1. IRPS is payable by natural persons residing in Mozambican territory and by those who, not residing there, obtain income here.

2. In the case of taxpayers residing in Mozambican territory, the IRPS is levied on the total amount of their income, even if obtained outside that territory and in this case they may deduct the tax paid abroad, under the terms to be regulated

3. Taxpayers who are not resident in Mozambican territory shall be subject to IRPS only for the income obtained therein

4. Deleted.

5. Deleted.

ARTICLE 63 – (IRPS - Deductions)

1. The law shall determine the deductions to be made in each of the categories of income referred to in Article 60, taking as a criterion the costs or charges necessary to obtain them

2. Deductions shall correspond to actual and verifiable costs or charges, without prejudice to the possibility that some may be fixed on the basis of presumptions, when this solution presents greater security for the tax administration or greater convenience for taxpayers, especially those with lower incomes

3. Deleted.

4. Deleted.

ARTICLE 64 – (IRPS Rates)

Deleted.

ARTICLE 65 – (IRPS - Deductions from the tax collection)

Deleted.

Section II – Indirect Taxation

ARTICLE 66 – (Taxes on expenditure)

Indirect taxation, which includes taxes on expenditure, includes:

a) Value Added Tax - VAT;

b) Excise Duty (ICE), and

c) Customs Duties.

ARTICLE 67 – (Value Added Tax - VAT)

Value Added Tax is levied on the value of the transfers of goods and services carried out in the national territory, for consideration, by a taxable person acting as such, as well as on the importation of goods, which must be paid for the same purposes.

(a) the exemptions are limited to exports and the consumption of certain goods and services the nature and essentiality of which so justify;

(b) Deleted.

ARTICLE 68 - (Tax on Specific Consumption - ICE)

1. Deleted.

Excise Duty selectively taxes the consumption of certain goods included in specific legislation and is levied on the producer or importer at once, as the case may be.

ARTICLE 69 – (Customs Duties)

Customs duties are levied on goods imported and exported in the customs territory and are recorded in the Customs Tariff.

ARTICLE 70 – (Other taxes)

1. The following are also national taxes:

a) the Stamp Duty;

b) the Inheritance and Donations Tax;

c) the Special Tax on Gambling;

d) the Simplified Tax for Small Taxpayers;

e) other specific taxes and fees, established by law.

2. Stamp duty is levied on all documents, contracts, books, papers and acts designated in the appropriate table.

3. The Inheritance and Gift Tax is levied on the transfer of property rights over movable and immovable property free of charge, regardless of the denomination or form of the title.

4. The Special Tax on Gaming is levied on the gross revenues resulting from the operation of games of chance.

5. The Simplified Tax for Small Taxpayers is a direct tax and applies to natural or legal persons who carry out, in the national territory, small-scale agricultural, industrial or commercial activities, including the provision of services.

ARTICLE 71 – (Fuel tax)

Deleted.

CHAPTER II – Final and transitional provisions

ARTICLE 72 – (Competence to approve Tax Codes)

1. The Council of Ministers is empowered to approve, within 90 days, the Tax Codes provided for in this Law, regulating their entry into force

2. It is incumbent upon the Council of Ministers to review and update the Customs Tariffs, the Stamp Duty regulation and the respective table and the rates of the other taxes provided for in this Law.

3. The Council of Ministers, in addition to approving the Municipal Tax Code, authorizes the surcharges for the municipalities and also regulates the competences of the other local bodies of the State, in terms of setting and reviewing any fees and licenses.

ARTICLE 73 – (Transitional provisions)

The provisions relating to the application of the Industrial Tax, Labour Income Tax - Section A, Labour Income Tax Section B, Supplementary Tax, Urban Property Tax, Special Fuel Tax, Compensation Tax and Motor Vehicle Manifest remain in force until the entry into force of the Corporate Income Tax (IRPC), Personal Income Tax (IRPS), Vehicle Tax and Fuel Tax.

ARTICLE 74 - (Repeal)

Law No. 3/87 of 19 January and Law No. 8/88 of 21 December and all provisions that are contrary to this Law are hereby repealed.

ARTICLE 75 – (Entry into force)

This Law enters into force on the date of its publication.

Approved by the Assembly of the Republic, on 2 May 2002.

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

Promulgated on 26 June 2002.

Public.

The President of the Republic, JOAQUIM ALBERTO CHISSANO.

MOORE

WHY MOORE?

Moore in the world

Founded in London in 1907, Moore is a leading international accounting and consulting group, with a network of 558 firms. Our goal is not only to meet clients' needs in the most effective and cost-effective way, but also to help them develop and achieve future success. We seek to establish the necessary trust in our client relationships, ensuring that we are their first choice for their business needs.

As one of the top 10 international accounting firms, Moore is growing rapidly, taking a modern and dynamic approach. The firm prioritizes client needs over mere expansion, fostering a unique culture through organic growth. This client-centric philosophy is based on strong relationships and highly personalized service.

Among our main strategic objectives is the construction of a competitive and quality group, with a strong international customer base, focused on profitability and strengthening each region. Customers have access to a wide range of essential services, including:

- Auditing
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- Business Finance
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- Recruitment and Training
- Tax Consulting
- Taxation
- Payroll
- Risk Management, Corporate Governance and Internal Audit

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MOORE MOÇAMBIQUE

Moore Mozambique, aligned with the global network, is an auditing and consulting firm recognized for innovation, quality and commitment to the future. Present in Mozambique since 1999, it was initially associated with the BDO network.

We have a team of approximately 100 highly qualified professionals, dedicated to offering solutions adapted to the needs of our customers.

We believe in a personalized service, in which each client is accompanied by a "Client Service Partner", ensuring proximity, efficiency and excellence in the provision of services. By combining technical expertise, experience and innovation, we create value for our clients.

In recent years, Moore Mozambique has recorded significant growth, consolidating its position in the market and continuously investing in the development of solutions that anticipate the challenges of the future

Our Services

Expert Consulting Services

Moore Mozambique has qualified consultants to develop solutions that add value to companies and other entities that seek our services. Our extensive experience allows us to offer functional and practical solutions, designed by our team with the use of advanced technological tools and always considering the particularities of each business.

Our services include:

- Company valuation
- Feasibility studies
- Investments and financing
- Restructuring of companies and organizations
- Strategic and business plans
- Information systems consulting, focusing on the implementation and development of integrated systems
- Human Resources Consulting
- Specific training

Auditing

In addition to validating financial information from companies and institutions, we analyze not only the correct application of standards and legislation, but also the internal control system and the continuity of operations.

Our professional performance in this area includes, in particular:

- Full audit of financial statements
- Review of internal control
- Limited review of financial statements
- Examination of forward-looking financial information

- Specific audits (incentives, due diligence, accounting, research, statistics)
- Internal audit, management, information technology, taxation and others

Accounting Services

Moore Mozambique is the largest accounting service provider in the country, with more than 30 technicians and several client companies.

We offer the ideal solution for entrepreneurs and institutions that want to focus on their core business, delegating specialized administrative tasks to experienced and qualified professionals.

Our main services include:

- IFRS transition and implementation
- Accounting Services
- Accounting outsourcing
- Payroll services
- Account consolidation
- Education

Taxation

Moore Mozambique monitors the compliance with tax obligations of companies, institutions and individuals, reviewing strategies to optimize tax solutions and minimize tax risks.

Our services include:

- Monitoring compliance with tax obligations and charges
- Mergers and acquisitions
- Insolvency proceedings
- Complete diagnosis of the fiscal situation
- Tax planning and prevention
- Studies on the tax framework
- Support in the taxation of expatriates
- Preparation of the Transfer Pricing Dossier
- Advice on capital transfer

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