DOING BUSINESS

ANGOLA

MLGTS LEGAL CIRCLE

INTERNATIONAL TIES WITH THE PORTUGUESE-SPEAKING WORLD

Presentation

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

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ALC, a member of the **MLGTS Legal Circle** in Angola, was founded by a group of Angolan lawyers whose project and ambition was to become a centre of excellence and a leading law firm in Angola.

"Doing Business Angola" is intended for informational purposes only, seeking to provide a brief description of several aspects of Angolan legislation that may be relevant to the clients of **MLGTS** and of **ALC** and other parties potentially interested in a preliminary contact with some areas of the Angolan legal system. It does not therefore intend to be nor shall be construed as legal advice on any of the matters addressed.

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1. Facts and Figures regarding the Republic of Angola

Capital: Luanda.

Population: approximately 19 million.

Area and location: 1,246,700 km^2, west coast of Africa, bordering on the Congo Republic to the north, Zambia to the east and Namibia to the south.

Provinces: Bengo, Benguela, Bié, Cabinda, Cunene, Kwanza-Norte, Kwanza-Sul, Kuando Kubango, Huambo, Huíla, Luanda, Lunda-Norte, Lunda-Sul, Malange, Moxico, Namibe, Uíge and Zaire.

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

Major ports: Luanda, Lobito and Namibe.

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

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

Form and system of government: presidential republic.

Legal system: Roman-Germanic matrix.

International organisations: United Nations (UN), the Community of Portuguese Speaking Countries (CPLP), the African Union, Southern Africa Development Community, International Monetary Fund (IMF), among others.

Currency: Kwanza (AOA); in October 2012, the reference exchange rate of the Kwanza against the United States Dollar was 95.377.

Time zone: WAT (UTC+1).

Public bodies and other entities having an Internet website:

Angolan Industrial Property Institute (*Instituto Angolano de Propriedade Industrial*) – http://www.iapi.gv.ao/

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

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

Company Single Office (*Guichê Único da Empresa*) – http://gue.minjus-ao.com/

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

General Labour Inspectorate (*Inspecção Geral do Trabalho*) – http://www.igt.mapess.gv.ao/

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

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

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

Ministry of Agriculture, Rural Development and Fisheries (*Ministério da Agricultura, do Desenvolvimento Rural e das Pescas*) – http://www.minaderp.gov.ao/

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

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

Ministry of Geology, Mining and Industry (*Ministério da Geologia e Minas e Indústria*) – http://www.mingmi.gov.ao/

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

Ministry of Justice (*Ministério da Justiça*) – http://www.minjus.gov.ao/

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

Ministry of Planning (*Ministério do Planeamento*) – http://www.minplan.gov.ao/

Ministry of Public Administration, Employment and Social Security (*Ministério da Administração Pública, Emprego e Segurança Social*) – http://www.mapess.gv.ao/

Ministry of Trade (*Ministério do Comércio*) – http://www.minco.gov.ao/

National Assembly (*Assembleia Nacional*) – http://www.parlamento.ao/

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

National Private Investment Agency (*Agência Nacional para o Investimento Privado*) – http://www.anip.co.ao/

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

National Trade Directorate (*Direcção Nacional do Comércio*) – http://www.dnci.net/

National Customs Service (*Serviço Nacional das Alfândegas*) – http://www.alfandegas.gv.ao/

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

2. General Foreign Private Investment Legislation

The general legislation governing private investment in Angola was enacted by the Private Investment Act ("*Lei do Investimento Privado*", Act 20/11 of May 20), which repealed the Tax and Customs Incentives for Private Investment Act ("*Lei sobre os Incentivos Fiscais e Aduaneiros ao Investimento Privado*", Act 17/03 of July 25) and part of the Private Investment Framework Law ("*Lei de Bases do Investimento Privado*", Act 17/03 of July 25). The new legislation introduced important changes compared to the previous, involving a significant increase in the minimum amount of investment required from foreign investors, the elimination of the automatic grant of tax and customs incentives and the establishment of contractual arrangements for the approval of investment projects and incentives.

The Private Investment Act (LIP), of which a translation into English may be found on National Private Investment Agency's (*Agência Nacional para o Investimento Privado*/ANIP) website, foresees the existence of special legislation as regards investments to be made in certain areas, such as oil extraction (see the Petroleum Act/"*Lei das Actividades Petrolíferas*", approved by Act 10/04 of November 12), diamond exploration (see the Mining Code/"*Código Mineiro*", approved by Act 31/11 of September 23) and financial institutions (see the Financial Institutions Act/"*Lei das Instituições Financeiras*", approved by Act 13/05 of September 30), among others.

The LIP considers private investment to be (*i*) "the utilization in national territory of capital, technologies and know-how, capital equipment and other assets, in specific economic projects", (*ii*) "the utilization of funds earmarked for the setting up of new companies, consortia or other forms of corporate representation of private domestic or foreign companies", and (*iii*) "the acquisition of the whole or part of existing companies incorporated under Angolan law, with a view to the implementation or continuity of a specific economic activity in accordance with their corporate purposes", provided that the total value of these investments is equal to or greater than USD 1 million, or the equivalent amount in kwanzas in the case of domestic investment (Article 2(a)).

2.1 Foreign private investment

2.1.1 Foreign private investment

Private investment is considered foreign investment where there is recourse to assets domiciled (*i*) "inside and outside national territory, by individual persons or corporate

entities, with non-resident foreign-currency status", or (*ii*) "outside national territory, by individual persons or corporate entities, with resident foreign-currency status".

Thus, for example, foreign investment will occur not only (*i*) where a non-resident (a foreigner or even an Angolan citizen) intends to use funds available to it abroad or even in Angola to set up a company in Angola, but also (*ii*) where an Angolan resident (an Angolan or even a foreigner) intends to use in Angola funds available to it abroad for the acquisition of shares in a commercial company. Contrary to what happens in domestic investment, a foreign investor is entitled to transfer profits and dividends abroad.

If the foreign investment involves setting up or amending the articles of association of commercial companies under Angolan law, the necessary notarial deed cannot be performed without presentation of the Private Investment Registration Certificate ("*Certificado de Registo de Investimento Privado*"/CRIP) demonstrating the approval of the investment, to be issued by ANIP, as well as the capital import license, to be issued by the National Bank of Angola (BNA) and confirmed by the commercial bank receiving the capital in question.

2.1.2 Repatriation of capital

Having invested at least USD 1 million, the foreign investor has the right to transfer profits and dividends abroad, as well as amounts related to the investment made (Articles 18 *et seq.* of the LIP). Exercise of this right requires proof that the investment was made and that taxes due were paid, as well as obtaining a capital export licence and complying with the conditions set out in this licence by BNA. Lastly, to qualify for incentives and tax and customs benefits, the investor must have its accounts duly organised and certified by an external auditor (Article 18.4 and Article 26.4), current understanding being that rather than being directed at the investor, this obligation is directed at the company.

Repatriation of profits and dividends is objectively proportionate and graded, and the terms of the proportion and percentage grading must be fixed in the investment contract. The percentage grading of the investment takes into account, as a rule, (*i*) the development zone in which the investment is implemented, (*ii*) the amount of the investment, and (*iii*) the period from the actual implementation of the investment (Article 20), though it must be stressed that investments declared as being highly relevant to the strategic development of the national economy can benefit from a privileged mechanism (Article 29.1(a)).

The LIP also provides for the possibility of suspending remittances abroad, including those guaranteed under this Act, which may occur by decision of the President of the Republic, "whenever the said amount is liable to cause serious problems to the balance of payments".

2.2 Tax and customs incentives for private investment

These incentives are granted on a case-by-case basis within the scope of the negotiation of the terms of the investment project, provided that certain requirements of economic interest are met, such as (*i*) the investment being directed at priority areas (agriculture and livestock, manufacturing industry, telecommunications and information technology, etc.), (*ii*) it being undertaken at poles of development and other Special Economic Investment Zones (currently Luanda-Bengo) or (*iii*) being conducted in the free zones of Angola.

It should also be noted that incentives for private investment are not cumulative with others prescribed by law and that, as with the right of repatriation of capital, the allocation and extent thereof depends on the area in which the investment project is implemented.

The tax incentives available include reduction or exemption from (*i*) Business Income Tax/ "*Imposto Industrial*" for a limited period of time that varies according to the development zones (Zone A, one to five years; Zone B, one to eight years; Zone C, one to 10 years), (*ii*) Investment Income Tax/"*Imposto sobre a Aplicação de Capitais*" (Zone A, one to three years; Zone B, one to six years; Zone C, one to nine years), and (*iii*) tax on transfer of real estate related with the investment project (Real Estate Transfer Tax/"*Sisa sobre as Transmissões de Imobiliários por Título Oneroso*" and Stamp Duty). In private investment projects of particular relevance to the Angolan economy, extraordinary tax benefits may also be granted.

2.3 Conditions for eligibility and approval process

2.3.1 Conditions of eligibility

The LIP applies to investments the overall value of which is equal to or greater than USD 1 million (or its equivalent in national currency, in the case of domestic investment). Private investments of lesser value are not governed by the LIP and do not entitle the investor to repatriate profits, dividends or capital gains or to enjoy the specific tax and customs incentives mechanisms. If a private investment of less than USD 1 million entails importing capital in foreign currency, this is done under the general Angolan Foreign Exchange Act (however, non-resident foreign citizens or entities may apply to the BNA for evidence of the import of capital for the purpose of incorporation of an Angolan company or firm provided the import of capital amount to a minimum of USD 500,000).

Thus, (*i*) the foreign investor may not repatriate profits and dividends if its investment is less than USD 1 million; (*ii*) if this investment is of at least USD 500,000, it is theoretically possible to set up a company, by first obtaining a license to import capital; (*iii*) if the proposed investment is less than USD 500,000, is not even possible to set up a commercial company.

Note also that, under the general investment legislation (under the special investment legislation it is not always so), participation of Angolan investors in private investment projects is not legally mandatory.

2.3.2 Procedures for approval of private investment projects

Approval of private investment projects follows a contractual process (Articles 51 *et seq*.), implying a negotiation between the prospective investor and the competent authorities as to the specific terms of the investment, including the incentives and benefits sought (Article 51.2). This process culminates with the conclusion of an investment contract, which has as parties thereto the Angolan State, represented by ANIP, and the private investor (Article 53).

The approval process for the project comprises the following steps (Articles 54 *et seq*.):

(i) presentation, by the investor, of a private investment proposal, accompanied by the necessary documentation (feasibility study, implementation schedule, environmental impact assessment, etc.), the comprehensive list of which can be found on ANIP's website;

(ii) acceptance of the proposal by ANIP (implying acknowledgement that the process contains all information deemed relevant to its analysis);

(iii) analysis and evaluation of the proposal and negotiations with the proposer (ANIP and the Incentives Negotiating Commission/*Comissão de Negociação de Facilidades e Incentivos* have a period of 45 days to assess, negotiate and submit for approval the terms of the proposed investment; if the negotiations are not conclusive, the period may be extended for another 45 days);

(iv) approval of the proposed investment by ANIP's Board of Directors (if the value of the project does not exceed an amount equivalent to USD 10 million) or by the President of the Republic, after appraisal by the Council of Ministers (if the value of the project exceeds that sum, in which case additional regulations apply); if the investment amount exceeds USD 50 million, an *ad hoc* Incentives Negotiating Commission is set up;

(v) execution of the contract and issuance of the CRIP: after approval, the proposal is sent to ANIP for execution of the investment agreement, registration and issuance of the CRIP;

(vi) licensing of capital import operations by BNA (whenever the approved investment involves setting up a commercial company, the respective share capital must be paid up in full within 90 days from the date of issuance of the capital import licence);

(vii) implementation of the project: on completion of all the phases of administrative nature mentioned above, the investment project may begin to be implemented.

2.4 Rights and duties of the investor

2.4.1 Investor rights and guarantees

The private investment policy and the allocation of incentives and facilities must have due regard for private property, free-market rules and fair competition between economic operators and also the freedom of private economic initiative, with the exception of areas reserved to the State (see the Demarcation of Sectors of Economic Activity Act/"*Lei de Delimitação de Sectores da Actividade Económica*", enacted by Act 05/02 of April 16). They must also ensure the safety and protection of the investment, equal treatment between nationals and foreigners, the protection of the "economic citizenship rights of nationals (Angolans)", the promotion of full and free movement of goods and capital, and full compliance with international agreements and treaties, including the ones regarding promotion and reciprocal protection of investments, to which Angola is a party.

Investors are also guaranteed (Articles 14 *et seq*.):

(i) rights derived from ownership of the resources they invest, including "the right of freely disposing of them, under the same terms as domestic investors";

(ii) access to Angolan courts (or arbitration tribunals where the contract so provides);

(iii) right to freely report to the Public Prosecutor "any irregularities, illegalities, and any acts of improbity in general";

(iv) payment of "fair, prompt and effective" compensation in case of expropriation or requisition of the assets constituting the object of the investment project (which will only occur "because of duly considered and justified reasons of public interest");

(v) professional, banking and trade secrecy;

(vi) intellectual property rights over intellectual creations;

(vii) real (or *in rem*) rights (it should be noted that Angolan law does not allow foreigners to hold property rights over land);

(viii) no public interference in the management of private companies except in those cases expressly provided for by law;

(ix) no cancellation of licenses without the establishment of judicial or administrative proceedings;

(x) the right to directly import goods from abroad and export products produced by the private investors;

(xi) the right to transfer profits and dividends abroad.

2.4.2 Duties of the investor

The LIP sets out general duties (such as respect for the laws and regulations applicable in Angola, as well as for contracts entered into) and specific duties. Among the specific duties of the investor, attention is called to those to "promote the training and integration of national labour and the progressive 'Angolanization' of managerial and supervisory staff, without any type of discrimination" and complying with legal and regulatory requirements in the matter of technical assistance.

The first duty gives rise to other duties, including that of firms and companies set up for the purpose of private investment to employ Angolan workers, such workers having to be provided with the necessary training and be paid wages and provided social benefits compatible with their qualifications. The hiring of foreign skilled workers is permitted provided that "a strict training program and/or qualification of national technicians [is complied with], while seeking to progressively fill those posts with Angolan workers" (this training program is part of the documentation to be provided to the body charged with approval of the investment).

With regard to the second of the said duties, after the entry into force of the LIP, the Regulation on the Hiring of Foreign Technical Assistance or Management Services/"*Regulamento sobre a Contratação de Prestação de Serviço de Assistência Técnica Estrangeira ou de Gestão*" was published and came into force. This Regulation establishes restrictions on the execution and content of foreign technical assistance or management contracts, defined as those "whose object is the acquisition from non-resident corporate entities of specialised administrative, scientific and technical services".

In some cases, execution of such contracts is allowed, though with the obligation to give notice of the fact and of the content of the contracts to the Ministry of Economy; in others, their execution is subject to the prior approval of that Ministry; in yet others, their execution is banned save in exceptional cases, duly authorized by ANIP with the assent of the said Ministry.

The ban covers contracts between companies incorporated under the LIP and their foreign associates (for example, private investors who are members of the company incorporated under the LIP). Thus, in principle, private investors cannot enter into contracts to provide services (or at least a significant part thereof) with companies formed under the LIP, unless such entering into is authorised by ANIP (perhaps in the investment project itself). In the event ANIP authorises the entering into of such contracts between the Angolan company and one or more private investors, it shall further be necessary that their content is in accordance with the aforementioned Regulation.

3. Main Legal Forms of Commercial Establishment

3.1 Limited liability companies

3.1.1 Types, process of incorporation and registration

The legislation applicable to conduct of business in Angola is defined by the Angolan Companies Act ("*Lei das Sociedades Comerciais*"/LSC), approved by Act 1/04 of February 13.

The LSC enshrines three types of unlimited liability companies, namely "*sociedades em nome colectivo*" (partnerships), "*sociedades em comandita simples*" (limited partnerships) and "*sociedades em comandita por acções*" (partnerships by shares), and two types of limited liability companies, namely "*sociedades por quotas*" (private limited companies) and "*sociedades anónimas*" (public limited companies).

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

Recently Act 19/12 of June 11 has enabled the incorporation of single-shareholder companies, that is, companies with one sole shareholder, either a natural or a corporate person.

Although, as a rule, there are no limitations as to the nationality of those participating in a corporate structure, it should be noted that there is special legislation in some sectors (such as telecommunications, fisheries, diamond mining) which requires a majority of Angolan shareholders in setting up such companies.

Private limited companies (SQ)
Traditionally used as small and medium investment vehicles.

Number of shareholders: private limited companies must have a minimum of two shareholders (except in the case of a single-shareholder company).

Share capital: the minimum capital requirement for a private limited company correspond to the amount in kwanzas equivalent to USD 1,000. Industry contributions are not allowed.

"Quotas": the share capital is divided into participations called "*quotas*". The par value of each quota can vary, but may not be less than the equivalent in kwanzas of USD 100. In the formation of the company, each shareholder holds one quota corresponding to the value of its capital contribution.

Transfer of "quotas": the transfer of "*quotas*" *inter vivos* requires the execution of a public deed, and is subject to registration with the territorially-competent Commercial Registry Office.

Asset liability: claims of creditors are limited to the assets of the company and each shareholder is jointly and severally liable with the other shareholders for the whole of the capital contributions.

Governing bodies: general meeting (deliberative) and management (board of directors). The supervisory board, to which the legislation regulating public limited companies applies, is optional in this type of company.

All shareholders participate in the general meeting. Unless otherwise provided by law or the articles of association, resolutions are taken by simple majority of votes cast.

The management comprises one or more managers, who must be natural persons with full legal capacity, although they need not be shareholders of the company.

Profits: unless otherwise provided by the articles of association or resolution passed by a majority of ¾ of the votes corresponding to the share capital, the company distributes annually at least half of the distributable profits to its shareholders.

Legal reserve: company law imposes the constitution of a legal reserve of no less than 30% of the share capital.

Public limited companies (SA)

This type of company is generally chosen by larger companies. Despite involving a more complex structure than a private limited company, a public limited company allows greater flexibility to its shareholders, in particular in that the transfer of shares is not subject to any special form.

Number of shareholders: a SA shall have, as a general rule, a minimum of five shareholders, which may be natural or corporate persons (one shareholder is, however, sufficient in single--shareholder public limited companies). Where the share capital is mostly held by the State, State-owned companies or similar entities, the minimum number of shareholders is two.

Share capital: to set up a SA, the law requires a minimum share capital of an amount in kwanzas equivalent to USD 20,000. The share capital is represented by shares and industry contributions are not allowed.

Shares: the share capital is represented by shares, and all must have the same par value, which can be no less than the equivalent of USD 5 expressed in kwanzas. Although the law allows for the existence of both "certificated and dematerialised" shares, in practice only certificated shares are found, which may take the shape of nominative or bearer shares.

Transfer of shares: the transfer of shares is not subject to any special form and depends on the type of shares issued by the company. In the case of bearer shares, the transfer simply involves physical delivery of the certificates to the transferee. In the case of nominative shares, the transfer is undertaken by written statement of transfer signed by the transferor on the respective share certificate (the transferor's signature must be notarised), inscription of ownership on the certificate and subsequent endorsement of the transfer in the share register book of the company. The articles of association may provide for pre-emptive rights of shareholders, as well as limits to the transfer of shares.

Asset Liability: the liability of each shareholder is limited to the value of the shares he/she subscribed. Furthermore, claims of creditors are limited to the assets of the company.

Governing bodies: general meeting (deliberative), the board of directors (the management body) and the supervisory board or statutory auditor (supervisory body).

The general meeting involves the participation of shareholders entitled to at least one vote. Unless otherwise provided by law or the articles of association, the resolutions of the general meeting shall be taken by an absolute majority of votes cast.

The board of directors comprises an odd number of members fixed by the articles of association. The directors are appointed in the deed of incorporation or by resolution of the shareholders.

The supervision of the company is, as a rule, conducted by a board of auditors comprising three or five members and two alternates. The auditors are appointed in the deed of incorporation or by resolution of the shareholders.

The articles of association may determine that the management of the company is to be undertaken by a single managing director and that the supervision is to be conducted by a statutory auditor, provided certain requirements established by law are met.

Profits: unless otherwise provided by the articles of association or resolution passed by a majority of ¾ of the votes corresponding to the share capital, the company distributes at least half the distributable profits to its shareholders annually.

Legal reserve: company law provides that an amount equal to no less than the twentieth part of the company's net profits shall be allocated to the constitution of a legal reserve, until such reserve amounts to one fifth of the company share capital.

3.1.2 Common aspects

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

(i) application for certificate of admissibility of company name at the Central Company Name Register (*Ficheiro Central de Denominações Sociais*), at the Ministry of Justice;

(ii) drafting of the articles of association, which shall include, among others, the following elements: the full identification of the founding shareholders, the type of company, the company name, the corporate object, the registered office and the share capital, essential aspects relating to the running of the governing bodies, their structure and other matters considered relevant by the members;

(iii) deposit of the share capital in account opened in the name of the company to be incorporated at a banking institution in Angola, which will issue a document certifying the deposit made; as a rule, the share capital deposited may only be used after registration of the company;

(iv) signature of the public deed of incorporation of the company at a Notary (at the act of incorporation, the company adopts its articles of association and, as a rule, elects the members of its governing bodies);

(v) registration of the incorporation act at the territorially-competent Commercial Registry Office;

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

(vii) registration of the company at the Tax Authorities, by means of submission of the start-of-business declaration;

(viii) registration of the company and its employees at the Social Security;

(ix) licensing of the company's business: all business enterprises are subject to administrative licensing of general trade and provision of commercial services activity at the Ministry of Commerce; such licensing is materialized through the issuance of a business permit. There may be other formalities depending on the specific business to be carried out by the company (industrial or other);

(x) obtaining of an import/export license: companies wishing to perform import or export operations must be properly licensed and authorised, the licensing process taking place at the Ministry of Commerce;

(xi) obtaining of a Private Investment Registration Certificate ("*Certificado de Registo de Investimento Privado*") and a Capital Import License ("*Licença de Importação de Capitais*"): to be incorporated under the Private Investment Act, the company must submit the Private Investment Registration Certificate, issued by ANIP (*Agência Nacional para o Investimento Privado*/National Private Investment Agency), and the proper capital import licence, issued by the National Bank of Angola and endorsed by the commercial bank receiving the capital.

The entire process of incorporation can be carried out at the *Guichê Único da Empresa* (Company Single Office), an administrative structure that provides the various services at one single place (notary, company registration, tax authority, etc.). Nevertheless, the licensing of the company's business is the only incorporation act that cannot be accomplished at the *Guichê Único da Empresa*. It is also possible to deal with the process of incorporation of companies at the Integrated Citizen Attendance Service (*Serviço Integrado de Atendimento ao Cidadão*/SIAC).

3.1.3 Time and cost of the processes

Excluding the time required to obtain approval of the private investment project with ANIP, the incorporation of a company may take up to a month (through the normal procedure) or about five days (through the *Guichê Único da Empresa*).

The fees levied for the incorporation of a company vary according to the amount of the share capital.

3.2 Possibility of formation of joint ventures and respective requirements

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

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

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

3.3 Forms of local representation

Foreign investors can operate in Angola without having to constitute a legal entity, by choosing to pursue their business activities in Angola through a branch or a representative office.

3.3.1 Branches

In Angola, the branch is the most common form of representation of a firm incorporated under foreign law, as it allows the foreign investor to carry on its business in Angola on the same terms as an Angolan company.

Branches are considered non-autonomous legal entities of the parent companies and a local extension thereof. Thus, the parent company of a branch, though incorporated and existing in another country, assumes unlimited liability in relation to the obligations assumed by or imputed to the branch, as a consequence of legal acts performed by it.

Although the branch does not have legal personality on its own, it has judicial personality to sue and be sued in court.

Branches have no governing bodies or representative bodies of their own, and their management is entrusted to an attorney whose powers arise from a power-of-attorney issued by the parent company.

The procedure for opening a branch in Angola is similar to the procedure for the incorporation of a commercial company, with some differences:

(i) obtaining of the certificate of admissibility of the company name: the branch shall have the same name as the parent company and is identified by the words "*Sucursal em Angola*"("Branch in Angola");

(ii) deposit of the articles of association of the parent company at the notary by means of presentation of the following documents: deposit application; power-of-attorney granted to the legal representative of the branch; identity of the legal representative of the branch; deed of incorporation of the parent company; certificate of conformity of the parent company's incorporation; minutes of the meeting adopting the resolution to open a branch in Angola; Private Investment Registration Certificate ("*Certificado de Registo de Investimento Privado*"); and import license or business licensing permit;

(iii) publication in the "*Diário da República*" (Official Gazette);

(iv) statistical registration;

(v) registration at the tax authorities and at the Social Security;

(vi) commercial registration by means of submission of all the documents referred to in (ii) and the notarial certificate of deposit and the "*Diário da República*" containing the publication of the articles of the "parent company" (or proof of the application for publication).

As with commercial companies, the opening of branches under the law applicable to the private investment is subject to prior registration with the ANIP (National Private Investment Agency/*Agência Nacional para o Investimento Privado*), a process that is often time-consuming.

3.3.2 Representative offices

A foreign company may simply choose to open a representative office, a form of representation without legal capacity to perform business acts, whose object is to look after the interests of the principal company, by accompanying and assisting the business to be carried out in Angola.

As a structure subject to various restrictions, the representative office is not the most appropriate form if the foreign investor wishes to carry out an economic activity in Angola on a regular basis or if the investment is large.

A representative office cannot hire more than six employees and at least half must be of Angolan nationality.

The process for opening a representative office in Angola must be submitted to the National Bank of Angola (BNA) for approval and essentially consist of the following steps:

(i) authorisation application addressed to the Governor of the BNA, requesting the opening of a representative office;

(ii) deposit of the performance bond after the BNA authorises the opening of the representative office (issuing the capital-import permit); the applicant must proceed to the import of the capital needed in order to open the bank account in which the performance bond guarantee is to be deposited. The value of the guarantee which shall be no less than the equivalent in kwanzas of USD 60,000;

(iii) obtaining of the certificate of admissibility of the representative office name;

(iv) notarial deposit of the articles of association of the principal company;

(v) publication of the principal company's articles of association in the "*Diário da República*" (Official Gazette);

(vi) commercial registration, upon presentation of the following elements: the authorisation to open the representative office issued by the BNA, the certificate issued by the Notary confirming the deposit of the articles of association of the principal company, the minutes of the meeting authorising the opening of the representative office, the "*Diário da República*" with the publication of the articles of association of the principal company (or proof of application for publication), the certificate of admissibility of the name, the capital import permit and the letter from the BNA confirming the payment of the USD 60,000 performance bond guarantee;

(vii) final registration, by means of submission to the BNA of the following elements: the copy of the "*Diário da República*" with the publication of the articles of association, the commercial registry certificate, proof of registration with the tax authorities, copy of the bank's evidence of the deposit of the performance bond; after presentation of these documents, the BNA issues a new license evidencing the registration of the representative office.

4. Foreign Exchange Legislation

4.1 General aspects

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

Act 5/97 of June 27 (Foreign Exchange Act/"*Lei Cambial*") governs commercial and financial transactions having actual or potential impact on the balance of payments of Angola and applies to capital transactions and foreign-exchange trading. The National Bank of Angola (BNA) is the foreign-exchange authority of Angola, and it may delegate his powers on other entities.

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

4.2 Foreign-exchange transactions

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

4.2.1 Current invisibles transactions

According to the law, current invisibles transactions are considered to be "transactions, transfers and services related with transport, insurance, travel, returns on capital, commissions and brokerage, patent and trademark rights, administrative and operational

expenses, wages and other expenses for personal services, other services and payments of income, private transfers, transfers by the State and public-law corporate persons when undertaken between the country and abroad or between residents and non-residents".

The regulations in force mainly target the export of capital domiciled in Angola, that is, transactions involving transfers of money abroad, including, for example, execution of contracts with non-resident entities, distribution of dividends to non-resident shareholders, and unilateral transfers of money.

The law is very demanding in this area, and details two categories of current invisibles transactions: (*i*) private transactions and unilateral transfers and (*ii*) commercial transactions.

Private transactions and unilateral transfers include any transactions intended to cover expenses (abroad) by employees of corporate or natural persons that cannot be construed as consideration for the supply of goods or services by the beneficiary of the payment nor are characterised as remittance of capital.

Commercial transactions include any transaction concerning the rights and obligations of resident entities over non-residents entities arising from commercial contracts that imply payments made under supply or provision of services contracts and transfers of income on capital generated in Angola. Any forex-resident entity wishing to undertake a commercial transaction involving current invisibles must submit a written request to any commercial bank operating in Angola, attaching the original documents required for each specific transaction.

Commercial banks are empowered to license current invisibles trade transactions up to a certain amount (fixed periodically by the BNA) that are based on a commercial contract of such value, and current-invisibles trade transactions that have the same entity as the beneficiary and whose aggregate annual value does not exceed the amount fixed by the BNA. Commercial banks must also verify that all payments made are due to a commercial contract and may request additional detailed information to assess the validity of the contract in question.

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

With respect to capital income, the commercial bank has an obligation to verify that this income was generated through the legal import of capital that was used in Angola.

Also as noted above, the repatriation of profits, according to the Private Investment Act, must occur in a proportionate manner graduated in relation to the investment made (depending on the amount invested, the investment period, the socio-economic impact of the investment and its influence on regional asymmetries, and the impact of the repatriation of profits and dividends itself on the balance of payments).

The process of distribution of profits and dividends to entities not resident in Angola must also be analysed and approved by the BNA under the provisions regarding current invisibles transactions.

4.2.2 Capital transactions

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

(i) incorporation of new companies or branches of existing companies;

(ii) participation in the share capital of companies or in civil or commercial companies;

(iii) creation of joint-account investments or associations of third parties in shareholdings;

(iv) total or partial acquisition of establishments;

(v) acquisition of real-estate;

(vi) transfer of amounts resulting from the sale or liquidation of positions acquired in accordance with the previous operations;

(vii) issue of shares by any companies or corporations and issue and full or partial repayment of public debt securities, of bonds issued by private entities and other securities of a similar nature maturing at more than one year;

(viii) subscription and purchase or sale of shares in any companies or corporations and public debt securities, bonds issued by private entities and other securities of a similar nature maturing at more than one year;

(ix) the grant and full or partial repayment of loans and other credits (whatever the form, nature or title thereof), when for a term exceeding one year, with the exception of loans and other credits exclusively civil in nature.

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

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

Also, the creation of new companies or any branches abroad (as well as buying or selling shares of companies domiciled outside the country) using capital domiciled in Angola is considered a medium- or long-term capital operation, as such subject to the requirements of prior authorisation of the BNA.

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

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

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

4.2.3 Merchandise transactions

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

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

This law also came establish the need for recourse to documentary credits, restricting advance payments abroad (*i*) to imports of goods whose value does not exceed the equivalent of USD 100,000, and (*ii*) goods that are specifically manufactured for the importer or difficult to place in alternative markets whose deadline for entering the country is up to 180 days.

For such prepayments to be made there can be no group relationship between the exporter and the importer nor can they be related entities, and the total amount of the advance payments shall not exceed two and a half times the importer's share capital.

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

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

4.3 Special foreign-exchange legislation applicable to the oil industry

Act 2/2012, of January 13 (Foreign Exchange Act Applicable to Oil Industry/"*Lei sobre o Regime Cambial Aplicável ao Sector Petrolífero*") establishes a special foreign-exchange regime for oil operations, pursuant to which the National Concessionaire and its associates (domestic or foreign corporate persons that are associated with the National Concessionaire through a commercial company, a consortium agreement or a production-sharing contract) are required to make all payments of expenses and tax obligations, as well as payments for goods and services provided by residents and non-residents, through accounts domiciled in Angola, in a phased manner, based on the calendar set by the BNA in Notice 20/2012 of April 12.

To this end, the National Concessionaire and its associates are required to open a foreign--currency account with banking institutions domiciled in Angola for payment of taxes and other fiscal obligations to the State, as well as for payment of goods and services provided by forex residents and non-residents, and an account in national currency for payment of goods and services provided by resident entities.

The timetable for implementation of these measures is as follows:

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

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

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

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

After the sale to the BNA of the foreign currency required for payment of taxes and other fiscal obligations to the State, the balance of foreign-currency accounts will be primarily used for the payment of current expenses ("cash call") and only then will the surplus balance be allowed to be placed by the foreign associates on the domestic or foreign market.

Regarding the disposal of amounts corresponding to profits, dividends, incentives and other capital remuneration and of the amount of depreciation of the investment, the foreign associates are entitled to the deposit them with foreign financial institutions, while the national associates can hold them in foreign (or national) currency at banks domiciled in Angola, and may transfer them periodically, in accordance with their articles of association, to their respective non-resident shareholders in the form of dividends or profits.

The National Concessionaire and its associates can carry out foreign-exchange transactions without prior permission of the BNA (excluding capital operations aimed at foreign investment), which must then be registered with the banking financial institutions via the Integrated Foreign-Exchange System of the National Bank of Angola ("*Sistema Integrado de Operações Cambiais do Banco Nacional de Angola*"/SINOC).

The law also stipulates that the foreign associates must fully fund in foreign currency their share of the investment needed to implement oil operations, and Angolan banking financial institutions are not allowed to extend credit without the prior permission of the BNA (unless, in any of the cases, the funds are secured by monetary instruments held by the said foreign associates in Angola).

The National Concessionaire and its national and foreign associates shall, individually and by November 30 each year, submit the annual forecast of foreign-exchange transactions, such information to be updated quarterly. The block operator shall likewise quarterly submit to the BNA a detailed list of all contracts concluded with non-resident suppliers.

5. Export and Import Regulations

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

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

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

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

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

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

Angola has been part of the World Trade Organization since November 23, 1996. Its custom regulations follow the Customs Tariff ("*Pauta Aduaneira*") regulation approved by Decree-Law 2/08 of August 4.

Complementing the Customs Tariff, Decree 41/06 of July 17 enacted the Pre-Shipment Regulation ("*Regulamento de Inspecção Pré-Embarque*"/REGIPE). Seeking to simplify and modernise customs procedures, this mechanism establishes the obligation of pre-shipment inspection only for certain goods, while economic operators may have recourse, or not, to this inspection in other cases. However, where the authorities so decide, local inspection of goods imported into Angola may be ordered.

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

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

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

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

The rates of import duty and of the Consumption Tax on goods imported under investment projects (approved under the Private Investment Act/"*Lei do Investimento Privado*") are covered by a special mechanism that stipulates full exemption from Customs Duties in certain cases. Stamp Duty is calculated by applying the rate of 0.5% to the customs value of the goods, and the general customs emoluments by applying the rate of 2% to the customs value of the goods included in each import clearance.

6. Financial Market

6.1 Existing financial institutions

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

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

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

The business of receiving from the public deposits or other repayable funds for their own use on and of acting as an intermediary in the settlement of payment transactions may be carried on only by banking institutions.

6.2 Type of financial system

With the approval of the new Organic Law of the National Bank of Angola ("*Lei Orgânica do Banco Nacional de Angola*") and of the Foreign Exchange Act ("*Lei Cambial*"), both of 1997, the National Bank of Angola (BNA) was endowed with greater responsibility and autonomy in monetary and foreign-exchange matters and delegated on the commercial banks and exchange houses powers to licence and undertake a number of current invisibles transactions in foreign currencies.

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

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

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

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

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

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

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

6.3 Structure of the banking system

The Angolan banking system comprises several domestic-capital banking institutions and foreign-capital banks that have set up as banks under Angolan law.

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

6.4 Possibility of obtaining bank loans by foreign investors

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

7. Tax Legislation

7.1 Overview

Taxes have a growing weight in the African economies, felt also in Angola, currently undergoing a profound tax reform.

The Angolan tax system comprises a multiplicity of taxes, its framework the General Tax Code which defines a set of rules for the relationship between taxpayers and the tax authorities.

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

7.2 Corporate taxes

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

Angola does not have a single tax on corporate income. There are, in fact, the Business Income Tax ("*Imposto Industrial*") and the Investment Income Tax ("*Imposto sobre a Aplicação de Capitais*"), in addition to special sector taxation (mining, oil and construction agreements).

Who is taxed

Resident companies and resident natural persons (who earn income from industrial or commercial activities) are taxed in Angola on their income earned in Angola and worldwide. A company is considered resident in Angola if it has domicile, registered office or effective management there.

Non-resident companies or non-resident natural persons are taxed only on income obtained in Angola. Thus, branches, permanent establishments or any form of representation of non--resident companies in Angola are subject to taxation in Angola on income obtained in Angola or attributed to Angola.

Main tax exemptions and exclusions

The Angolan State and all State agencies, public institutions of social utility, political parties, co-operatives, recognised religious institutions provided their income and

capital are used only for their intended purpose, the National Bank of Angola, culture or sports associations, companies that exclusively manage their own real-estate, and foreign shipping or air companies (subject to reciprocity) are exempt from Business Income Tax.

Income exempt from Business Income Tax may include income earned occasionally in fund-raising for charities or other social-interest institutions, income from the creation of new industries in the country, and income from trade or business carried on in areas considered of interest to economic development (for a period of three to five years from the effective constitution).

Income received relating to business subject to Real Estate Income Tax, dividends distributed by an Angolan company to an Angolan company provided the latter has a holding equal to or greater than 25% in the share capital of the former which is retained for more than two years ("participation exemption"), interest on national securities in which the technical reserves of insurance companies or those belong to companies whose business is merely securities-portfolio management have been invested, are considered income excluded from taxable income.

What is taxed

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

(i) Group A includes State companies, public limited companies and partnerships by shares, other civil and commercial companies having a share capital greater than 35 Fiscal Correction Units (UCFs), credit institutions, exchange *bureaux* and insurance companies, permanent establishments of non-resident entities and taxpayers whose turnover is, for the average of the past three years, more than 70 UCFs, while any taxpayer can elect to be taxed in Group A provided it expresses the intention by January 31 of the year in which the tax is due show (after taking this option, the taxpayer is obliged to remain in Group A for three years and only then can return to Group B); the Tax Authorities may determine the inclusion of taxpayers in Group A;

(ii) Group B includes natural or corporate persons not taxed under the rules of Group A or C or owe tax in respect of an isolated act or transaction of a commercial or industrial nature;

(iii) Group C includes taxpayers who, as natural persons, cumulatively fulfil the following conditions: carry on one of the activities listed in the table of minimal profits; work alone or are only assisted by no more than three relatives or others and keep no accounts or have accounts so rudimentary that they do not allow their commercial or industrial entries to be checked, use no more than two cars, and whose annual turnover is more than 13 UCFs.

For taxpayers included in Group A, the Business Income Tax is levied on the income determined by these entities, on the basis of the income and expenses incurred during the year.

The concept of income in Angolan tax law is a broad one, including extraordinary gains, income from core activities or ancillary activities, rents (excluding real-estate rents), income from foreign sources, dividends, interest and royalties.

In the formation of taxable income, expenses necessary to realise these gains are deductible, within "reasonable" limits, including charges for ancillary activities, financial charges, administrative charges, depreciation of property, taxes and levies themselves (except, naturally, the Business Income Tax), certain types of donations, medical expenses, and certain types of provisions.

A word is also due to expenses that are considered non-deductible, including entertainment allowance, compensation paid as a result of insurable risk, fines and charges for tax offences.

Tax losses recorded in a given year can be deducted from taxable income up to the end of the third year next following. However, tax losses determined on tax-exempt or reduced-tax activities cannot be deducted.

Business Income Tax rates

The current Business Income Tax rate is 35%, subject to a reduced rate of 20% for exclusively agricultural, forestry and livestock activities.

The Ministry of Finance may authorise, for a period of 10 years, a 50% reduction of the rates mentioned above (equivalent to a rate of 17.5% or 10%) for companies that set up in more economically disadvantaged regions and for companies that set up industries and exploit local resources.

Deductions from the tax assessment

Part of the Investment Income Tax withheld at source and of the Real Estate Income Tax is considered deductible from taxable income.

Other taxpayers (Groups B and C) are taxed according to presumed profit.

In Group B, the presumptive income is calculated by considering 25% of the amount of sales/services rendered or, if it is not possible to calculate the amount of sales/services rendered, the tax base is 35% of the value of purchases/cost of services rendered.

In Group C, the income is taxed in accordance with the table of minimum profits, depending on the category of the establishment, location and type of economic activity.

Non-resident taxpayers with permanent establishment in Angola

A non-resident company in Angola that carries on its economic activity in Angola through a branch, agency or any other form of permanent establishment is subject to taxation in Angola in Group A, in respect of profits attributable to the permanent establishment, but also in respect of (*i*) profits made by the parent company (not resident in Angola) on the sale in Angola of goods similar to those sold by the permanent establishment and (*ii*) profits on other activities carried out in Angola in economic activity similar to that carried on by the permanent establishment.

In determining the profit attributable to a permanent establishment in Angola, only those costs incurred by the permanent establishment in Angola may be deducted.

As in the case of tax treatment of residents, non-residents too, having a permanent establishment in Angola, can deduct from the tax assessment part of the Investment Income Tax previously borne in the determination of the Business Income Tax due.

According to Angolan law, permanent establishment shall mean a fixed place through which the company carries on the whole or part of its business, comprising, *inter alia*, a place of management, a branch, an office, a factory, a workshop, a mine, an oil or gas well, a quarry or any other place of extraction of natural resources.

The term "permanent establishment" further comprises: (*i*) an establishment for construction or assembly or inspection activities carried on there, but only when such a place or such activities last longer than 90 days in any 12-month period; (*ii*) provision of services, including consultancy services by a company acting through employees or other personnel engaged by it for the purpose, but only where such activities are undertaken in Angola during one or more periods totalling more than 90 days in any 12-month period.

It is also considered that a permanent establishment exists where a person (other than an independent agent) acts in Angola for a company and that person (*i*) acts with powers usual to the conclusion of agreements on behalf of the company; and (*ii*) even if it does not have such powers, usually keeps in the country a stock of goods for delivery on behalf of the company.

It is not considered that a company has a permanent establishment in the country merely because it carries on business through a broker, general commission agent or any other agent of independent status, where such persons are acting in the ordinary course of their business. However, even independent agents can be considered permanent establishments in Angola if their activities are exercised exclusively or almost exclusively on behalf of a single company.

As for insurance companies (except in the matter of reinsurance), they are deemed to have a permanent establishment in Angola when they act through a person who receives premiums or insures risks in Angola (provided the person is not an independent agent).

Non-resident taxpayers without a permanent establishment in Angola

Non-resident taxpayers without a permanent establishment in Angola may be subject to three different taxes on income they earn in Angola, depending on the type of income they earn (Investment Income Tax, employment income or income from an Angolan source arising from construction work, and provision of technical services, management services and others of a like nature).

Transfer pricing

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

The law does not define extensively what is meant by special relationships, but considers there are special relations between two entities where an entity has control over the capital of the other or has, directly or indirectly, significant influence over the management of the other entity.

7.2.2 Investment Income Tax ("*Imposto sobre a Aplicação de Capitais*")

Non-resident taxpayers with permanent establishment in Angola

This tax is levied on income derived from the "simple investment of capital". These earnings are divided into two categories.

(i) Section A

– interest on capital loaned not taxed in Section B and interest resulting from the deferral over time of an instalment or from late payment;

– Investment Income Tax is owed on interest "produced in the country" or that is assigned to a person (natural or corporate) having residence, effective management or permanent establishment in Angola;

– exemptions: income of financial institutions and co-operatives; interest on credit sales by tradespeople, default interest on payments by tradespeople; interest on loans against life insurance policies (made by insurers), and interest on financial products directed at promoting savings (approved in advance by the Ministry of Finance);

– the tax rate is 15%.

(ii) Section B

– in particular, interest on bonds, interest on loan capital, profits attributable to shareholders of whatever nature, kind or description, royalties, including income derived from operational lease of goods, capital gains, compensation for the suspension of activities, and prizes from games of chance;

– the source of income must have a connection with Angolan territory (paid by a person with residence/effective management in Angola; made available through a permanent establishment in Angola; being received by person having residence/effective management in Angola or be attributed to a permanent establishment in Angola), or any other income derived from the investment of capital not included in Section A;

– exemptions: dividends distributed by an entity having its registered office/effective management in Angola to a corporate or equivalent person having its registered office in Angola which has a holding not less than 25% for a period exceeding one year prior to the distribution of profits ("participation exemption"); interest in financial instruments that encourage savings; interest on housing-savings accounts;

– the tax rate is 5% in the case of interest income earned from treasury bill and bonds and interest on the central bank securities, if the maturity is equal to or greater than three years; 10% in the case of most income included in Section B, and 15% in the case of interest and the balance of interest on current accounts, compensation for suspension of activity, game-of-chance prizes whatever their provenance, and any other income on investment of capital not included in Section A.

Taxpayers not resident in Angola (with no permanent establishment)
Section A or B income is subject to Investment Income Tax, provided it is produced in Angola, that is, if it is paid by entities having their residence, registered office, effective management or permanent establishment there, to which the payment is to be attributed.

7.2.3 Employment Income Tax

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

Natural persons do not have to be resident in Angola for their income to be taxed in Angola, it being sufficient that the income be obtained for services rendered to the country.

Main exemptions and deductions

Excluded from taxable income in particular are: social benefits such as for breastfeeding, for death, injury or redundancy payments, and Social Security contributions; holiday bonuses; Christmas bonus; representation allowance; home-rent allowance up to a maximum of 50% of the value of the lease; and travel costs up to the limit stipulated for civil servants.

Exempt from Employment Income Tax are, *inter alia*: income of diplomatic missions employees (under conditions of reciprocity), staff in the service of international missions and non-governmental organisations; and income below AOA 25,000 (approximately USD 261).

In determining the taxable income of self-employed taxpayers subject to the organised accounting mechanism (such as architects, engineers, economists, musicians, journalists, lawyers and doctors) expenses such as consumption of water and electricity, telephone, insurance covering the activity, rent of the house with the limit of 50%, among others, may be deducted.

In addition to the organised accounting scheme, there is also, for these taxpayers, the simplified scheme, which considers as expenses 30% of the taxpayer's gross income.

Employment Income Tax rates

Income earned as employees is subject to withholding tax in accordance with the Employment Income Tax table in force, at a rate of between 5% and 17%. The maximum rate of 17% applies to monthly income in excess of AOA 230,000 (approximately USD 2,403).

The self-employed have a single tax rate of 15%. If the income is paid by a corporate person, the tax is withheld at source on 70% of the income, giving rise to an effective tax rate of 10.5%.

The income that the owners of the companies record in the accounts of the company by way of remuneration for their own work is taxed at the rate of 20%.

Social Security contributions

Social Security contribution rates are 8% (paid by the employer on the monthly wage and any additional remuneration paid in cash) and 3% (paid by the employee). Foreign employees may be exempt from this contribution if they provide proof that they are already registered with a foreign social security system.

7.3 Real-estate taxes

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

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

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

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

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

Main exemptions and deductions

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

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

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

Urban Real Estate Income Tax rates

The tax rate is 25% for rented properties and 0.5% for properties not rented (properties of an asset value exceeding AOA 5 million, approximately USD 52,134). Buildings used as hotels may benefit from a tax reduction of 50% during 15 years.

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

The Real Estate Transfer Tax is a tax on transfers of real estate situated in Angola and must be paid by the purchaser. The tax is levied on the declared value or, if greater, thirty times the amount in the tax records or, if it has been valued, the amount of the valuation.

The Real Estate Transfer Tax is also levied in other cases, such as: leases for 20 or more years; mere promise of sale with delivery of the thing; transfer of concessions made by the Government; or the acquisition of shares in any type of companies regulated by the Angolan commercial or civil law, where because of the acquisition one comes to hold 50% or more of the share capital of the company concerned.

The Real Estate Transfer Tax rate is 2%.

7.3.3 Stamp Duty

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

(i) share capital increases of existing entities or to pay up the company's share capital (at the rate of 0.5%);

(ii) guarantees of obligations (variable rate between 0.1% and 0.3%, depending on the life of the guarantee, of the value);

(iii) financing operations (variable rate between 0.001% and 1%, depending on their life, of the value);

(iv) acquisition of ownership of real estate (at a rate of 0.003%);

(v) finance leases (at the rate variable between 0.3% and 0.4% of the amount of the consideration);

(vi) credit securities (at the rate variable between 0.1% and 1% of the value);

(vii) sub-leases and sub-concessions (at the rate of 0.2% of the value);

(viii) insurance (variable rate between 0.1% and 0.4%, depending on the type of insurance);

(ix) rentals (at the rate of 0.004% of the first rent);

(x) Customs operations (variable rate between 0.5% and 1%, depending on the goods);

(xi) any agreement not specifically provided for in the table (AOA 300, approximately USD 3);

(xii) receipts for the actual receipt of credits (at the rate of 1%).

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

Also exempt are certain types of credit operations related with consumption and savings incentives and certain types of insurance-contract premiums.

7.4 Excise Duty

7.4.1 Consumption Tax ("*Imposto sobre o Consumo*")

This Consumption Tax is not yet a Value Added Tax (VAT) and, for this reason, Angolan economic operators cannot deduct the Consumption Tax paid in carrying on their business somewhere in the production chain.

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

What is taxed
Only the import and production/provision of goods and services in Angola are subject to Consumption Tax.

Subject to Consumption Tax in particular are: the production and import, as well as the consumption, of water and energy; telecommunications services; hotel services; rental of machinery or other equipment; renting facilities prepared for conferences; consulting services; photographic services; port and airport services; private security services; tourism services; infrastructure management services; and, lastly, provided they are performed exclusively within national territory, vehicle rentals, sea and air transport of passengers, cargoes and containers, including storage related with such transports.

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

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

and customs-clearance expenses). With regard to any auctions or sales by the customs or any other public services, the tax is due on the basis of the total amount paid.

Main exemptions and deductions

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

Exempt from Consumption Tax are goods exported by the producer (resident in Angola), goods imported by diplomatic representations (provided there is reciprocity), raw materials, capital goods and spare parts used in the manufacturing process in Angola, breeding animals, hand-crafted goods, and also certain building materials and machinery used in the construction of social housing in accordance with the housing policy.

Consumption Tax rates

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

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

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

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

7.4.2 Customs Duties ("*Direitos Alfandegários*")

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

Main exemptions and deductions

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

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

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

Customs Duties rates

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

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

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

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

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

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

7.5 Tax incentives for private investment in Angola

7.5.1 Special Economic Zones

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

This SEZ comprise three development pillars: (*i*) trade and services; (*ii*) manufacturing; and (*iii*) agro-livestock industry.

In it there are several special economic areas (most created in 2011): the Quimanda industrial reserve; the Sequele industrial reserve; the Bom Jesus industrial reserve; the Gangazuze industrial reserve; the Uala/Catete industrial reserve; the Lemba industrial reserve; the Cacuaco industrial reserve; the Quiminha mining reserve; the Quicabo mining reserve; the Calumbo/

Bom Jesus mining reserve; the Quincala mining reserve; the Calomboloca mining reserve; the Catete mining reserve; the Baixa do Iô mining reserve; the Luanda agro-industrial reserve; the Bom Jesus agro-industrial reserve; the Bad-Bom Jesus agro-industrial reserve; the Barra do Dande agro-industrial reserve; and the Quiminha agro-industrial reserve.

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

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

For approval of the business proposal and consequent acquisition of the right of access to the SEZ, fees are payable in the amount of 1% of the value of the proposal in question. If the proposal is approved, the promoter of the investment is also required to pay a monthly fee in return for the use of infrastructure and services available in the SEZ.

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

7.5.2 Fostering Angolan business

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

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

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

7.5.3 Micro, small and medium-sized Angolan enterprises

Micro-enterprises are considered those that employ up to 10 people and/or have an annual turnover not exceeding USD 250,000; those considered small enterprises employ more than 10 and up to 100 employees and/or have a gross annual turnover exceeding USD 250,000 and equal to or less than USD 3 million, and medium-sized enterprises are those employing more than 100 and up to 200 people and/or have a gross annual turnover equal to greater than USD 3 million and not exceeding USD 10 million.

Entities engaged in financial-sector activity are excluded from this mechanism.

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

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

7.5.4 Patronage Law

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

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

Subject to some conditions, certain types of expenditure with donations granted to projects or activities of public or private entities that promote or develop social, cultural and economic life in Angola may also be considered costs for tax purposes.

7.6 Special tax legislation

7.6.1 Mining activities' taxation

Who is taxed

Mining industry is subject to specific tax legislation. All natural or corporate persons, resident or non-resident, carrying on reconnaissance, research, prospecting and exploitation of mineral resources existing in territory under Angolan jurisdiction are subject to special taxation on the income generated by geological activity.

Investment in prospecting, studying, evaluating and mining industry involves an investment agreement approved by the Minister. If the value of this investment agreement is equal to or greater than USD 25 million, its approval lies with the President of the Republic.

Determination of the taxable income and liquidation of the tax charges are undertaken independently for each mining concession.

What is taxed

Entities residing in Angola and non-resident entities having permanent establishments that carry out mining activities are subject to: (*i*) Business Income Tax and Investment Income Tax, with some special rules; (*ii*) Mineral Resources Value Tax (royalty); (*iii*) Surface Charge; (*iv*) Artisanal Levy; and (*v*) Contribution to the Environmental Fund.

Subjection to these taxes does not preclude subjection to other levies and taxes that may be due, for example, Social Security contributions.

Private companies holding mining rights for prospecting or exploitation of mineral resources are also required to provide a performance bond of 2% or 4%, respectively, of the investment value, so as to guarantee fulfilment of their contractual obligations.

Income taxes

The distribution of dividends resulting from income from mining operations is subject to Investment Income Tax under the general terms of the law.

The general rules of the Business Income Tax also apply, with some specifics of the tax system of this activity, such as: (*i*) admissibility of deduction of specific costs; (*ii*) constitution of a special provision for environmental restoration; (*iii*) tax rate of 25%; and (*iv*) tax incentives.

Entities subject to the payment of tax on the exercise of mining activities (also known as the Artisanal Levy) are exempt from this tax.

In determining taxable income, the following are deductible as a cost: (*i*) basic, ancillary or complementary activity expenses; (*ii*) distribution and selling expenses; (*iii*) certain types

of expenses of a financial nature; (*iv*) certain types of administrative expenses; (*v*) customs charges; (*vi*) provisions (including provision for environmental restoration); (*vii*) Mineral Resources Value Tax (royalty); and (*viii*) the contribution to the Environmental Fund. Special rates of depreciation of assets are provided for.

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

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

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

During negotiation of the investment agreement, the Government may also grant tax incentives in the form of tax and customs exemptions to companies incorporated under Angolan law engaged solely in processing, upgrading, cutting and polishing of minerals quarried in Angola.

Mineral Resources Value Tax (royalty)

This tax is levied on the value of the mineral resources extracted at the mine or on the value of the concentrates if these resources are processed. The value of the minerals produced for the purpose of calculating the royalty, is determined by the average price of previous sales or, where that is not possible, it is set at the average of international prices.

In the case of non-industrial or artisanal diamond mining, the royalty is levied on the value of lots acquired for sale; in the case of artisanal mining of other natural resources, the royalty is levied on the value of the minerals.

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

Surface Charge ("*Taxa de Superficie*")

Holders of mining prospecting rights are required to pay an annual Surface Charge per square kilometre of surface area licensed.

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

Artisanal or Non-Industrial Levy ("*Taxa Artesanal*")

Entities engaged in artisanal mining of non-strategic minerals are subject to the payment of levy on artisanal mining, also known as the Artisanal Levy. This levy varies depending on the type of mineral exploited.

Special Customs Duties under mining legislation

The import of equipment to be used exclusively and directly in carrying on prospecting, search reconnaissance, operating and processing operations of mineral resources is exempt from Customs Duties and Service Charges (with rare exceptions). The exemption on the import of such equipment is applied only if the imported goods cannot be produced in Angola, or if, even though they can be produced in Angola, its domestic price is at least 10% greater than of the price of the imported product.

The export of mineral resources legally extracted and processed, provided that they are exported by the holder of the mining right, is not subject to Customs Duties. The export of unprocessed mineral resources is subject to the Customs Fee of 5%.

7.6.2 Taxation of petroleum activities

Taxation of petroleum activities is subject to a special mechanism affecting the oil industry, in the place of the general mechanisms, replacing the Business Income Tax.

In Angola, there is an economic-fiscal system of the dual type, whose fundamental characteristics involve important regulatory aspects of oil industry tax enacted by specific legislation (Act 13/04 of December 24, or Taxation of Petroleum Activities Act/ "*Lei sobre a Tributação das Actividades Petrolíferas*") and certain economic factors of the concessions, closely related to the tax system adopted, which are set out in the agreements signed for the execution of petroleum operations.

The special taxation mechanism applies to all entities resident or non-resident, provided they are engaged in research, development, production, storage, sale, export, processing and transportation of crude oil and natural gas, as well as naphtha, ozocerite, sulphur, helium, carbon dioxide and saline substances, when derived from petroleum operations.

Mention is made, however, of the exemption from any taxation of shares representing the share capital of companies to which the taxation of petroleum activities applies or of the dividends they distribute.

The special taxation of petroleum activities mechanism involves five taxes:

(i) Petroleum Production Tax (which does not apply to production-sharing agreements);

(ii) Petroleum Income Tax;

(iii) Petroleum Transaction Tax (which does not apply to production-sharing agreements);

(iv) Surface Charge;

(v) Contribution to the Training of Angolan Staff (Training Levy).

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

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

As a general principle applicable to the first three taxes, calculation of the taxable income is undertaken independently and separately for each concession or development area, with the exception of research expenses within the scope of the taxation of production-sharing agreements, which are extensible to other development areas. That is, the tax unit is the concession or development area. Thus, all domestic or foreign entities engaged in petroleum operations in Angola, as well as other territorial or international areas under the jurisdiction of Angola, are subject to this special tax mechanism, and the determination of the taxable income is entirely separate for each oil concession.

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

According to the mechanism of the law in force (applicable from January 1, 2005), these companies are subject to five taxes: (*i*) Petroleum Income Tax; (*ii*) Petroleum Production Tax; (*iii*) Petroleum Transaction Tax; (*iv*) Surface Charge; and (*v*) Angolan Staff Training Contribution.

Crude oil is produced and valued at market prices based on actual FOB (Free On Board) prices obtained in arm's-length sales to third parties. Complementary substances are valued at the actual selling price (with rare exceptions).

Main exemptions and deductions

Transfers of interests held by entities covered by this special sectoral taxation mechanism are exempt from all taxes or charges of a fiscal nature that may be directly related to their transfer, except for the profit or gain that may arise on the transfer of interests, which is subject to Petroleum Income Tax.

According to the law, the transfer of profits out of Angola and the payment of dividends are exempt from the Petroleum Income Tax.

Petroleum Income Tax

The Petroleum Income Tax is levied on net income resulting from sales made at the end of each month, earned in the pursuit of exploration, development, production, storage,

sale, export, processing and transportation of oil, in the pursuit of wholesale trade of products resulting from these activities and also in activities incidental or ancillary to those activities.

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

The taxable income shall be referred to the profit at the end of each year, calculated independently for each of the oil concessions. The method of determination of taxable income varies by type of concession: (*i*) in the case of commercial companies, partnerships or any other form of association and service agreements involving risk, taxable income is the difference between all income or realized gains and the costs or losses attributable to a given year; (*ii*) in the case of production-sharing agreements, taxable income is the difference between the total amount of oil produced and the sum of oil for recovery of costs ("cost oil") and the receipts of the National Concessionaire.

For tax purposes, the following in particular are considered costs: (*i*) expenses incurred with basic, ancillary or complementary activities; (*ii*) certain types of personnel expenses; certain types of costs of materials; (*iii*) costs of transporting the materials; (*iv*) supplies needed to carry out petroleum operations; and (*v*) interest and other borrowing costs actually paid, where contracted with Angolan financial institutions.

For tax purposes, the following in particular are considered non-deductible costs: (*i*) commissions paid to intermediaries; (*ii*) indemnities, fines or penalties; (*iii*) expenses incurred in arbitration proceedings; (*iv*) interest and borrowing costs other than those expressly stated as being deductible; and (*v*) funds, provisions and reserves (unless authorised by the Government).

Determination of tax costs is subject to specific rules depending on the type of activity and the type of costs involved (development costs, production costs, administration costs and services).

Taxable income is determined by a taxable-income Fixing Commission on the basis of the tax return filed by the taxpayer, the Commission being entitled to make corrections to the gross annual income and to the income deductions presented.

The applicable tax rate may vary between 50% and 65.75%, depending on whether the income is obtained through a production-sharing agreement or not.

The following are considered charges deductible from the assessment, provided they have not been included under tax-deductible costs and have actually been incurred in the fiscal year: (*i*) costs incurred for board and lodging, transportation and others of the Customs and the Ministry of Petroleum officials engaged in inspection activities;

(*ii*) costs of setting up and maintenance of tax offices; (*iii*) costs of hiring inspection, auditing and tax consultancy services undertaken by the Ministry of Finance; (*iv*) any costs and expenses incurred with the activity of a technical, social or welfare nature or incurred by the taxpayer, where so requested by the proper authority.

If these charges deductible from the assessment cannot be deducted in the year they are actually incurred for lack of taxable income, they shall be deducted in subsequent years.

Petroleum Production Tax

The Petroleum Production Tax is levied on the amount of crude oil and natural gas measured at the well-head, less quantities consumed in the petroleum operations. This deduction shall be accepted only with the assent of the National Concessionaire.

The tax rate is 20%, and may be reduced to 10% in very specific situations, namely:

(i) oil operations in marginal fields;

(ii) oil operations in maritime areas with water depths greater than 750 metres;

(iii) oil exploration in hard-to-access onshore areas previously defined by the Government (this rate reduction is in the hands of the government based on a reasoned request by the National Concessionaire).

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

Petroleum Transaction Tax

The Petroleum Transaction Tax is levied on taxable income determined in the same way as the Petroleum Income Tax. However, this tax does not apply to entities associated by means of production-sharing agreements.

Under this tax, the following are considered deductible expenses: (*i*) premiums on production volumes of oil and liquid gas, involving the possibility of deducting a percentage of the raw material in determining taxable income (agreed in the concession/operating agreement), and (*ii*) the investment premium, allowing deduction of a percentage of the investment (depending on the concession/operation).

Additionally, in relation to non-deductible costs, there are also the five major tax charges under the special sectoral taxation of petroleum activities, as well as interest and other borrowing costs.

The tax rate is 70%.

Surface Charge

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

Contribution to Angolan Staff Training (Training Levy)

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

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

7.6.3 Contractors' levy and services

Payments to contractors, subcontractors and providers of technical assistance, management and other similar services, resident or non-resident (even without a permanent establishment), are subject to taxation regulated by the Construction Works Act.

Payments related to construction, improvements, repairs and maintenance of property are subject to tax at an effective rate of 3.5% on the payment.

Payments related to the provision of technical assistance, management and other similar services are subject to tax at an effective rate of 5.25% on the payment.

This tax is withheld at source and can be partly credited to the determination of taxable income for the purposes of the Business Income Tax of Group A taxpayers.

8. Real Estate Investment

8.1 Restrictions on private ownership

The Angolan Constitution recognises private ownership alongside public and community ownership. However, it determines that ownership of land originally belongs to the State and that it may, if it so considers appropriate to the public interest, transfer it to private individuals. Excluded from transfer is land belonging to the public domain of the State and that not capable of individual appropriation. Consequently, only the land rights provided by law over land forming part of the private domain of the State may be transferred.

The legislation governing right of access to land is set out acts: Act 9/04 of November 9 (Land Act/"*Lei de Terras*") and Decree 58/07 of July 13 (General Concession of Land Regulations/"*Regulamento Geral de Concessão de Terrenos*").

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

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

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

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

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

8.2 Land rights

Land rights are rights that relate to assignable land forming part of the private domain of the State, ownership of which may belong to natural persons or public-law or private-law corporate persons. These rights are transferred or assigned by the State, and are provided for in the Land Act.

The land rights provided for by law are: (*i*) right of ownership, (*ii*) right of customary *dominium utile*, (*iii*) right of civil *dominium utile*, (*iv*) leasehold right, and (*v*) right to temporary occupation.

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

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

Holders of land rights must have due regard for the economic and social purpose that led to the grant of the said right, and shall also ensure effective, worthwhile use of the land under the said land right. The worthwhile and effective use of the land is determined in accordance with indices set by territorial management instruments that take into account the purpose for which the land is intended, the type of crops grown or the construction index. Persons or entities wishing to have a land right transferred in their favour must produce evidence of their ability to ensure effective, worthwhile use of the land applied for.

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

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

As a rule, land rights are transferred or constituted for a consideration by means of the following legal transactions: (*i*) purchase and sale contract; (*ii*) forced acquisition of *dominium directum* by the tenant; (*iii*) tenure contract for constitution of civil *dominium utile*; (*iv*) special concession contract for the constitution of leasehold rights; (*v*) special rental contract for the grant of the right to temporary occupation.

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

8.2.1 Purchase and sale contract

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

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

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

8.2.2 Forced acquisition of direct ownership by the leaseholder

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

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

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

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

8.2.4 Special concession contract for the formation of leasehold rights

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

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

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

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

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

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

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

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

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

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

Substitution of the applicant in the process of constitution of the right of temporary occupancy by tenancy agreement is prohibited. Nor is the transfer of this right permitted, although the occupant may waive the right to temporary occupancy in favour of third parties (such acceptance is appraised on a discretionary basis and the situation of the new holder considered to be that of the original owner for all intents and purposes).

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

8.3 Concession contracts

The common concession process comprises several phases:

(i) submission of an application by the party concerned;

(ii) information and opinions of the services and other entities that have to be consulted regarding the application;

(iii) provisional demarcation of the land, followed or not by public auction;

(iv) assessment of the application and approval or rejection;

(v) final demarcation;

(vi) conclusion of the concession contract;

(vii) signature of the concession document; and

(viii) inscription of the right in the name of the concessionaire in the Land Registry.

Specific rules apply to the special processes, which include the right to temporary occupancy.

As a rule, the applicant or the holder of a concession right may be substituted in the concession or transfer the right granted by prior authorisation of the authority responsible for the approval of the concession. As for the transfer, once the authorisation has been granted, it must be made within 90 days of notification of the order.

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

(i) at the end of the term;

(ii) when the land is used for purposes other than that authorised;

(iii) when the land right granted is not exercised or the land granted is not made use of under the contractual terms and conditions or, if the contract is silent, during three consecutive or six interpolated years;

(iv) where the land rights granted are exercised in violation of the economic and social purpose that justified the grant;

(v) in the event of expropriation for public utility; and

(vi) in case of disappearance or destruction of the land granted.

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

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

(ii) its use has been discontinued during three consecutive or six interpolated years;

(iii) the purpose of the concession has been altered or the contractual clauses relating the use of the land have not been complied with;

(iv) the land has been sublet without prior authorisation of the grantor or in those cases where it is prohibited.

In the case of declaration of expiry of the land right, the following revert to the ownership of the granting authority: (*i*) the land granted; (*ii*) the improvements incorporated into the land granted; (*iii*) as many twentieths of the price or instalments thereof as there are years in which the land was in the possession of the concessionaire without using it, any excess of the price being refunded to the concessionaire.

8.4 Rental

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

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

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

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

On its termination, the rental agreement is successively extended until the tenant opposes its extension, giving the notice (ahead of the termination of the agreement or any renovation thereof) and meeting the formalities set out in the agreement or in law, but never less than provided for in the Civil Code, namely: (*i*) six months, if the term is equal to or greater than six years; (*ii*) 60 days, if the term is one to six years; (*iii*) 30 days, if the term is three months to one year; and (*iv*) one third of the term if less than three months. The extension of the agreement shall be for the term agreed or for a period identical to the initial term, provided it is not more than one year.

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

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

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

Rescission is a form of unilateral termination to which either party may have recourse in the event of contractual breach by the other party. Rescission by the landlord should be declared

judicially by means of an eviction action, which may have, *inter alia*, the following grounds: (*i*) non-payment of rent, (*ii*) use of the property for other than the intended purpose, or (*iii*) closure for more than a straight year of a property rented for trade or industry, unless the closure occurs as a result of *force majeure* or forced absence of tenant.

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

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

(i) when the right or legal powers of administration under which it was concluded ceases;

(ii) on the decease of the tenant (other than in connection with rentals for trade or industry) or by its extinction, if a corporate person;

(iii) in the event of loss of the property, its demolition by order of the local authority or expropriation for public utility (unless, in the latter case, the purpose of the expropriation allows the rental to subsist);

(iv) if the property is subject, by administrative or police imposition, to consolidation works incompatible with the continuation of the tenant in the premises.

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

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

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

8.5 Land registry

Land registry is intended to give publicity to the ownership of rights over immovables. The principal effects of registration are the presumption that the registered right exists and belongs to the person in whose name it is registered (and thus enforceable against third parties), as well as the principle of priority (that is, the record entered in the first place takes precedence over those that follow in respect of the same good, even if the record is initially a provisional one, insofar as it has since been converted into definitive).

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

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

Registration has to be applied for at the Land Registry of the area where the property is located within 90 days of the date on which the fact to be registered took place.

The registration may be applied for by (*i*) any party to the legal relationship in question, (*ii*) any person having an interest therein or is bound to undertake the registration, (*iii*) an attorney with sufficient powers for the act, or (*iv*) a lawyer or solicitor, in respect of whom their powers of representation are presumed.

8.6 Tourism

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

Pursuant to Act 6/97, of August 15, the construction and setting-up processes are organised by the Ministry of Hotels and Tourism (if the hotel establishment is of interest for tourism), or by the respective Provincial Governments. After submission of the application for the construction of the enterprise to one of these entities, the latter informs the interested party of the decision regarding the location, preliminary design and working plans in keeping with

the terms and conditions by the deadlines determined by law. However, approval of these processes always requires an opinion issued by the agency responsible for spatial planning, for areas not urbanised and not classified as of interest to tourism. This opinion is issued within 60 days of the date of reception of the process. It should be noted that the Ministry of Hotels and Tourism always proposes that special commission be set up to try to overcome any negative opinions of the entities that have to be consulted. If this special commission is set up, its decisions are binding and may provide constraints regarding the enterprise. If the Ministry of Hotels and Tourism approves the plans a deadline is set for the commencement of construction, which approval shall lapse if the deadline is not respected.

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

(i) Ministry of Hotels and Tourism, in the case of enterprises of interest to tourism;

(ii) Provincial Governments, in the case of enterprises of no interest to tourism;

(iii) Ministry of Culture, regarding establishments subject to its licensing;

(iv) local health and fire-fighting bodies, with regard to health and fire-safety licensing.

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

(i) not to alter substantially its external structure or its aesthetic aspect, so as not to affect the unity of the enterprise;

(ii) not to use the enterprise for a purpose other than its intended purpose;

(iii) not to use the enterprise for illicit, immoral or dishonest practices;

(iv) not to exceed the planned capacity of the enterprise;

(v) to ensure its maintenance;

(vi) not to perform any acts or carry out works likely to affect the continuity and urban unity of the enterprise or hinder the respective accesses.

9. Capital Market

The Securities Act ("*Lei dos Valores Mobiliários*", Act 12/05 of September 23) governs acts and transactions involving securities, aiming to promote the orderly development and transparency of the capital market. This legislation applies to public offerings of securities and the parties involved, to securities offered to the public, to brokers, to stock markets, to securities clearing and settlement institutions, to mutual investment funds and, in general, to those involved in the securities market. It also applies to financial instruments issued in a non-massive way, explicitly excluding the securities of the National Treasury and of the National Bank of Angola.

The capital market in Angola includes the primary market (new-issues market through which issuing companies issue securities) and the secondary market (trading market between third parties of securities previously issued), and a distinction is also made between the OTC market (that is, one in which the supply and demand of securities is undertaken outside the stock markets, with the involvement of authorised intermediaries; only securities registered with the Capital Market Commission can be traded) and the stock market.

The law deals with and defines public companies as public limited companies whose share capital is open to public investment and whose securities are admitted to trading on the stock market or OTC market, having for the purpose a minimum number of shares (set by the said Commission) representing the share capital dispersed among the public.

Within the scope of public offerings, the law makes a distinction between primary and secondary public offerings and takeovers, public offerings for sale and public offerings for exchange. The regulation of these offerings is awaiting approval, and the bill has already been made known.

The Capital Market Commission (CMC), as the supervisory body of the market, is also responsible for registering the securities (which may be certificated or dematerialized, and is a mandatory registration requirement in public offerings) as well for the programs for the issuing of securities. The principle of compulsory registration of admission, suspension and exclusion of securities on the stock market has also been established.

The legislation also enshrines transparency of the capital market through the introduction of fundamental principles of publicity (free access to all recorded information) and information.

The market intermediation agents are distribution companies and brokers, which may carry out the various operations provided for by law. However, these too await approval of their respective regulations (the bill is available at the CMC website on the Internet). The situation is similar for other stakeholders in the capital market, mutual funds and investment management companies.

Emphasis is also given to the fact that this legislation stipulates two new types of crime related to the capital market: the crime of misuse of insider information and the crime of market manipulation (with punishment of attempted crimes in both cases). The former is subject to one to three years in prison and the latter to one to eight years in prison. The prison sentence is between two and five years if the crime of misuse of privileged information is committed by a director, officer or employee of a stock market, an intermediation agent of the supervisors of issuers, mutual-fund managers, pension-fund managers, as well as financial institutions in general.

The fact-finding and punishment of infringements of the market is the responsibility of the CMC, whose decisions are subject to administrative and judicial appeal. The law determines that all issuers of public offerings of securities, intermediation agents, stock markets, securities clearing and settlement institutions, mutual funds in general and other participants in the securities market may be subject to sanctions.

Thus, since the bases of the regulation of capital markets in Angola have already been instituted, approval is awaited of several items of legislation to complete the system (real--estate management and investment companies, investment-fund management companies, stock markets, broker and dealer firms, real-estate investment funds, mutual funds, public offerings, public limited companies, and agribusiness).

10. Public Procurement

10.1 Public Procurement Act

Public procurement is governed by Act 20/2010 of September 7 (Public Procurement Act/"*Lei da Contratação Pública*"), and applies to the following entities ("contracting public entities"):

(i) Presidency of the Republic;

(ii) State central and local government authorities;

(iii) National Assembly;

(iv) the courts;

(v) Attorney General of the Republic;

(vi) local authorities;

(vii) public institutes;

(viii) public funds;

(ix) public associations;

(x) State-owned enterprises entirely funded by the General State Budget (under terms yet to be regulated).

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

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

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

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

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

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

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

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

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

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

– they may take part in procedures where the estimated value of the contract to be awarded is equal to or greater than AOA 500 million (approximately USD 5,223,787) in the case of construction works, or AOA 73 million (approximately USD 762,673) in the case of acquisition of goods and services;

– in procedures for the formation of contracts whose estimated value is less than the above figures or procedures determined in accordance with material criteria, foreign entities may only bid (*i*) where, in the Angolan market, there are no national entities that meet the requirements imposed by the nature of the contract to be concluded, or (*ii*) where, for reasons of convenience, the contracting public entity so decides;

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

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

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

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

10.2 Court of Auditors

Also relevant is the Court of Auditors Organic and Procedure Act ("*Lei Orgânica e do Processo do Tribunal de Contas*", Act 13/10 of July 9), which is closely linked to the business of public procurement.

According to this legislation, contracts of value not less than that prescribed in the General State Budget Act are subject to preventive supervision of the Court of Auditors, which grants or refuses prior approval. The General Budget Act establishes annually, in the light of the contracting public entity, the values of contracts subject to preventive supervision by the Court of Auditors.

Contracts must be submitted to the Court 60 days after their signature and, in the absence of a decision, 30 days after their reception by the Court they are considered approved; should the Court request additional or missing elements, the term is suspended until such time as they are delivered. Contracts subject to prior approval by the Court of Auditors may only begin to be executed after the approval is issued and are legally ineffective up to that moment.

10.3 Rules on authorisation and execution of expenditure

The rules on authorisation and execution of expenditure are set out in the Public Procurement Act and in the annual legislation enacting the rules for the execution of the General State Budget.

Except in special situations, and depending on the cost of those contracts subject to the system of public procurement, competence to authorise them lies with: (*i*) the President of the Republic and, by delegation, (*ii*) Ministers, Provincial Governors and highest bodies of public institutions, public companies and autonomous services and funds.

As a rule, payments under public contracts must be made in kwanzas. Exceptionally, the legislation approving the rules of execution of the General State Budget for 2012 provides for payments in foreign currency in two situations: (*i*) in contracts concluded with forex non-residents (conclusion of contracts with forex non-residents represented by forex residents only for the purpose of contracting foreign currency is not allowed) or (*ii*) by decision of the President of the Republic, where the circumstances so warrant.

The same legislation stipulates that down payments in construction contracts, and contracts for the supply of goods and services, are permissible, but shall not exceed 15% of the total contract value. In exceptional circumstances, duly authorised by the Minister of Finance and based on objective grounds, that limit may be increased to 30%.

Lastly, the legislation prohibits addenda to contracts that have ended or are in progress where such addenda exceed 15% of the initial contract value.

11. Spatial Planning and Urban Design

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

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

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

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

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

licensing application is also accompanied by the declarations of responsibility issued by the authors of the plans and their technical managers.

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

Use of buildings resulting from construction works is subject to a special procedure to verify, among other aspects, compliance with the approved plans, for the purpose of issuing the respective use permit.

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

Execution of the urbanisation operations under Regulation is subject to oversight by the urban authority. Whenever a breach of legal, regulatory or technical standards is detected, the urban authority may order one of the following measures:

(i) administrative *embargo* of the works;

(ii) demolition of the work or putting the land back in its original condition and possible decree of administrative possession for enforcement, if the demolition order is not complied with voluntarily; or

(iii) termination of the unauthorised use of the building or condominium units.

12. Environmental Licensing

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

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

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

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

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

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

The environmental operating permit is issued for a period of between three and eight years. Renovation of the environmental permit is preceded by an environmental audit. The environmental operating permit can only be transferred when the facility to which it refers is transferred (the entity responsible for environmental policy to be notified in advance).

Beginning setting-out and/or starting activities and altering facilities before the environmental permit is issued constitutes an environmental infringement, as does alteration of the operating system without a proper environmental permit.

13. Public-Private Partnerships

The various types of involvement by private entities in projects of public interest designed to ensure the development of an activity to satisfy a collective need are known as public-private partnerships (PPP). This definition stems from Article 2 of Act 2/11, of January 14 (the Public-Private Partnerships Act/"*Lei sobre as Parcerias Público-Privadas*"), which also establishes the general rules applicable to State government intervention in the PPPs.

The legal framework of the PPPs does not apply to (*i*) public works contracts, (*ii*) public procurement contracts, (*iii*) PPPs involving an investment or contract value less than AOA 500 million (approximately USD 5,223,787), and (*iv*) all other contracts for the supply of goods or services, for a term not exceeding three years, involving no automatic assumption of obligations by the public partner at the end or beyond the term of the contract.

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

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

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

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

presents for the private partners an expectation of obtaining adequate remuneration to the amount invested and to the degree of risk they incur.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14. Labour Relations

14.1 Legal framework

Although labour legislation is scattered among several items of legislation, the main legislative instrument is Act 2/2000 of February 11, the General Labour Law ("*Lei Geral do Trabalho*"/LGT), which sets out the principles and rules governing the employment relationship in Angola.

In general terms, the LGT applies to all employees who provide paid services to an employer within the scope of the organisation and under its supervision and management. It likewise applies to apprentices and trainees under the authority of an employer, to work performed abroad by nationals or resident foreigners hired in Angola in the service of domestic employers (without prejudice to provisions more favourable to the employee and provisions of public order applicable at the workplace), and, suppletively, to non-resident foreign employees.

The LGT defines the employment contract in broad terms, considering it as the one whereby the employee undertakes to provide professional activity to an employer within the scope of the organisation and under its management and authority, receiving remuneration in consideration thereof.

14.2 Types of employment contract

As a rule, the employment contract shall be concluded for an indefinite period of time. In exceptional cases expressly stipulated by law, it is possible to conclude a term employment contract (of fixed- or, in some of the situations listed below, unfixed-term).

Specifically, term contracts may be concluded only in situations of:

(i) replacement of an employee temporarily absent;

(ii) exceptional or temporary increase of the normal business of the company, resulting in an increase of tasks, excess orders, market reasons or seasonal reasons;

(iii) performing occasional tasks that do not fall within the day-to-day business of the company;

(vi) seasonal work;

(v) where the activity to be performed, since it is limited in time, does not recommend an increase of the company's permanent personnel;

(vi) performance of urgent work needed to prevent accidents, to repair defects in material or to organise measures to safeguard the premises, equipment and other assets of the company, so as to prevent risks for it and its employees;

(vii) launch of new activities of uncertain duration, start-up of operations, restructuring or expansion of the activities of a company or work centre;

(viii) employment of physically handicapped, the elderly, and first-time job seekers unemployed for more than a year or members of other social groups covered by legal measures of integration or reintegration into working life;

(ix) performance of certain clearly-defined, periodic tasks in the company's business, but discontinuous in nature;

(x) performance, management and supervision of civil construction and public works, industrial erections and repairs and other works of similar nature and duration; and

(xi) apprenticeship and practical vocational training.

Term contracts are subject to a maximum term not exceeding six months in the situations described in (iv) and (vi), 12 months in the situations referred to in (ii), (iii) and (v), and 36 months in the situations referred to in (i), (vii), (viii), (x) and (xi).

In the situations mentioned in (i), (viii) and (x), provided certain circumstances are met, the maximum duration of contracts can be extended with the permission of the General Inspectorate of Labour and agreement of the employee, the contracts coming to have a duration of more than three years.

A contract concluded with a fixed term becomes indefinite-duration contract if its maximum duration has elapsed and the employee continues in service.

The conversion of an unfixed-term contract into an indefinite-duration contract takes place if the employee remains in service 15 days following completion of work or the return of the worker replaced if the replacement worker has not been advised in advance (15, 30 or 60 days in advance, depending on whether contract lasted up to one year, one to three years or more than three years). Failure to provide the notice in an unfixed-term contract obliges the employer to pay the employee compensation equal to the salary for the shortfall of the notice.

The LGT also stipulates the existence of special forms of employment contract: (*i*) the group contract; (*ii*) the construction-work or task contract; (*iii*) the apprenticeship and traineeship contract; (*iv*) the aboard merchant ship and fishing boat contract; (*v*) the aboard aircraft contract; (*vi*) the at-home contract; (*vii*) the civilian workers in military manufacturing establishments contract; (*viii*) the rural contract; (*ix*) the non-resident foreigners contract; and (*x*) the temporary employment contract, among others provided for by law.

Despite the general principle of freedom of form in the conclusion of employment contracts, there are types of contract for which the law requires them to be in writing, for example, contracts with foreign employees, most term contracts, apprenticeship and traineeship contracts or aboard-vessels contracts.

Employees can always require the conclusion of an employment contract in writing with certain mandatory terms.

14.3 Hiring non-resident foreign citizens

The LGT defines a "non-resident foreign employee" as a foreign citizen having professional, technical or scientific qualifications in which Angola is not self-sufficient, contracted in a foreign country to carry on his professional activity within Angolan territory during a determined period of time.

The exercise of gainful employment in Angola by a non-resident foreign employee is subject to the granting of a work permit.

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

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

Decree 6/01 of January 19, which governs the activity of non-resident foreign employees, imposes the following hiring requirements: (*i*) have reached the age of majority in the light of Angolan and foreign laws; (*ii*) have the technical or scientific professional qualifications proven by the employer; (*iii*) have the physical and mental aptitude medically certified in the country in which they are hired and confirmed by the entity for the purpose designated by the Ministry of Health of Angola; (*iv*) do not have a criminal record, to be proven by a document issued by the country of origin; (*v*) have not had Angolan

nationality; and (*vi*) have not received a scholarship or vocational training at the expense of organisations or public or private law companies operating in Angola.

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

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

14.4 Remuneration

Remuneration comprises base salary and all other benefits and complements paid, directly or indirectly, in cash or in kind, no matter what its denomination and form of calculation. Unless proven otherwise, it is assumed that the remuneration comprises all economic benefits that the employee receives from the employer on a periodic and regular basis.

The wage may be fixed (when it remunerates work performed during a certain period of time irrespective of the result), variable (when it remunerates work performed in the light of the results obtained during the period of time to which it relates) or a combination of both.

For each year of actual service, all employees are entitled to the holiday bonus (minimum of 50% of the base wage for the month the holiday is taken) and the Christmas bonus (minimum of 50% of the base wage for the month of December).

Currently, the national minimum wage, set by major economic groupings, is as follows (Presidential Decree 128/12 of June 8):

(i) for commerce and mining, AOA 17,781.50 (approximately USD 186);

(ii) for transport, services and manufacturing, AOA 14,817.90 (approximately USD 155); and

(iii) for agriculture, AOA 11,854.30 (approximately USD 124).

14.5 Working hours

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

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

Employees occupying administration and management posts are exempt from fixed working hours. Upon authorisation of the General Labour Inspectorate (*Inspecção Geral do Trabalho*/ IGT) and agreement of the employees concerned, employees who hold positions of special trust for the employer or supervisory positions may be exempted from fixed working hours, as may employees who regularly perform duties outside the fixed place of work, in variable locations, their work not being directly managed and controlled.

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

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

The employee is entitled to a full day of rest per week, generally on Sunday.

14.6 Vacations, holidays and absences

The vacation period has a duration of 22 working days each year, weekly rest days, complementary rest days and holidays not counting towards the period.

Vacations are paid, and the employee is entitled to receive the wage and respective complements that he would receive during the same period if he continued to provide normal work under normal working conditions.

The employer shall, as a rule, suspend work on days that the law establishes as national holidays. Currently, the following 11 days are considered national holidays: January 1 (New Year's Day); February 4 (Day Start of the Armed Struggle for National Liberation); March 8 (International Women's Day); Carnival Day; 4 April (Day of Peace and National Reconciliation); Holy Friday; May 1 (International Workers Day); September 17 (Day of the Founder of the Nation and National Hero); November 2 (All Souls Day); November 11 (National Independence Day); and December 25 (Christmas and Family Day).

When a day of national holiday coincides with the compulsory weekly rest day (Sunday), it shall be transferred to the business day next following. This rule shall not apply to the dates

of national celebration and New Year's Day, Carnival Day, All Souls' Day, and Christmas and Family Day. During the week prior to the day on which this rule applies, one hour per day shall be added to the normal working hours.

Absence from work may be justified or unjustified, depending on whether or not caused by one of the reasons provided by law. Unjustified absences entail loss of pay and seniority of the employee, and also constitute a disciplinary infringement if they amount three days in a month or 12 in a year or in the event that, whatever their number, they cause serious losses or risks known to the employee. Unjustified absences and certain justified absences also imply a reduction of the duration of the annual vacation.

14.7 Termination of the employment contract by the employer

Angolan labour legislation enshrines the right of employees to employment stability, prohibiting and severely sanctioning termination of employment contracts based on grounds other than those referred to in the law or in breach of its provisions.

The most common forms of termination of employment contracts at the initiative of the employer are as follows: (*i*) termination during the trial period; (*ii*) disciplinary dismissal; (*iii*) individual dismissal on objective grounds; and (*iv*) collective redundancy.

During the trial period, either party may terminate the employment contract without requirement of notice, compensation or presentation of justification.

In employment contracts of indefinite duration, the trial period lasts, as a rule, for the first 60 days of the provision of work and the parties may, by written agreement, reduce it or suppress it. The parties may also increase, in writing, the duration of the trial period up to four months (in the case of highly skilled workers who carry out complex, hard-to-appraise work) or up to six months (in the case of workers who carry out work of great technical complexity or have management and direction duties for the performance of which higher academic education is required).

In the case of term employment contracts, the existence of a trial period must be expressly agreed in writing, and may not exceed 15 or 30 days, depending on whether unskilled or skilled workers are involved.

Disciplinary dismissal must be based on a severe disciplinary offence by an employee, making it practically impossible the maintain the legal employment relationship, the law providing examples of situations constituting just cause for disciplinary dismissal, such as: (*i*) unjustified absences in excess of three days per month or 12 per year or, regardless of their number, that cause damage or serious risk to the company, these being known to the

worker; (*ii*) non-compliance with working hours or lack of punctuality not authorised by the company and that occur more than five times in a month, provided the period of absence exceeds, each time, 15 minutes from the start of the normal work period; (*iii*) bribery or corruption related to the job or with the assets and interests of the company; (*iv*) habitual drunkenness or drug addiction with negative repercussions on the work; (*v*) lack of compliance with safety at work rules and instructions at work and lack of hygiene when repeated or, in the latter case, give rise to justified complaints by colleagues.

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

Individual dismissal on objective grounds entitles the employee to compensation corresponding to the base wage at the date of termination, multiplied by the number of years of seniority with the limit of five, the product being increased by 50% of the said base wage multiplied by the number of years of seniority in excess of the said limit.

Collective redundancy occurs whenever termination of the employment contract is determined by duly-demonstrated economic, technological or structural reasons involving reorganisation or internal conversion, reduction or termination of activities affecting the employment of five or more employees (if the number is smaller, the individual-dismissal on objective grounds mechanism should be used), even though the extinction of the legal-labour relations takes place successively, within three months.

Collective redundancy entitles the employee to compensation equivalent to compensation for individual dismissal on objective grounds.

All these types of dismissal (disciplinary dismissal, individual dismissal on objective grounds and collective redundancy) must be preceded by the procedure laid down for each of them.

14.8 Authorisations and communications required for employers

Employers whose work centres are located in newly-constructed premises or premises that have been subject to modification or in which new equipment has been installed cannot use them before the General Labour Inspectorate performs an inspection, at the request of the interested party and subject to presentation of the documentation required by law.

14.9 Collective bargaining

The Right to Collective Bargaining Act (Company Level), enacted by Act 20-A/92, of August 14 ("*Lei sobre o Direito de Negociação Colectiva (Nível de Empresa)*"/LDNC), applies generally to private, mixed, joint and State companies and co-operatives of every branch of activity having more than twenty employees, to domestic employees and to resident foreigners, as well as their business associations.

Specifically, this act governs the exercise of the right to collective bargaining, the method of resolving conflicts derived from the conclusion or revision of collective bargaining agreements, their effects and respective extension process.

In accordance with the LDNC, only the corporate governing bodies of the companies (as well as, where appropriate, employers' associations) and trade unions representing their workers may conclude collective bargaining agreements.

At companies where there are no trade unions organisations, collective bargaining agreements can be negotiated and concluded by an *ad hoc* committee elected for the purpose.

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

In the exercise of union rights, workers are entitled to freely form trade union associations, to enrol in them or not, to withdraw from the trade unions and to pay dues just to the trade union in which they are affiliated, to participate in those trade unions in which they are affiliated and, in particular, to be elected to their governing bodies, and to carry out trade union activities at the workplaces.

In accordance with the LS, the trade unions are charged with (*i*) entering into collective bargaining agreements, (*ii*) exercising the right of collective bargaining, (*iii*) conducting within the framework of current legislation all forms of action for the benefit of the interests of workers, (*iv*) issuing a prior opinion on legislative measures relating to the interests of workers, (*v*) ensuring compliance with the labour legislation in force and the collective bargaining agreements, reporting violations of workers' rights, (*vi*) promoting the defence of individual or collective rights of workers in the light of facts prejudicial to them, and (*vii*) providing services of a social, cultural, economic and professional nature to their members or creating institutions for the purpose.

14.10 Social Security and employees protection

National and resident foreign employees, family members who are dependent on them, including those carrying on temporary or intermittent activities, such as occasional or seasonal, are obligatorily covered by the social security scheme (Act 7/04, of October 15, and Decree 38/08, of June 19).

However, employees temporarily carrying out activities in Angola, for a period to be defined, and demonstrate that they are covered by social security schemes of another country may not be covered, without prejudice to what is established in applicable international instruments.

The material scope of application of the social security scheme of employees comprises (*i*) health care, (*ii*) maternity care, (*iii*) occupational hazards, accident and occupational--disease care, (*iv*) disability and old age benefits, (*v*) death benefits, (*vi*) unemployment benefits, and (*vii*) family expenditure compensation.

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

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

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

For these purposes, remuneration benefits and complements subject to contribution are understood to be (*i*) remuneration for the consideration for shift work and night work on a regular basis, (*ii*) remuneration for the period of suspension with loss of pay as a disciplinary measure, (*iii*) compensation for unlawful dismissal, (*iv*) the amount paid to the employee in compliance with the termination of employment agreement, (*v*) company profit-sharing and (*vi*) the stand-by on a regular basis scheme subsidy. Contribution rates for compulsory social security are currently set at 3% for the employee and 8% for the employer.

The right to compensation for injuries resulting from workplace accidents and occupational diseases is guaranteed for employees and their families protected by the mandatory social security system.

Also entitled to the said compensation are (*i*) Angolan workers temporarily abroad in the service of the State and of Angolan firms or institutions, unless the law of the country where they are provides them the same or better right under the established conventions,

and (*ii*) foreign workers carrying on their activities in Angola, without prejudice to special arrangements provided for in the law and applicable international conventions.

Non-resident foreign workers who, by virtue of this relationship, are entitled to compensation for injuries resulting from accidents at work and occupational diseases recognised by the country of origin or organisation for which they provide service are not subject to this mechanism, and they must therefore demonstrate this standing by means of delivery of a copy of the policies to the relevant departments of the Ministry responsible for mandatory social security.

After their employment contracts take effect, all employees, apprentices and trainees are mandatorily insured against works' accidents and occupational disease risks under an insurance contract to be concluded between the employer and an Angolan insurance company.

14.11 Special legislation on hiring foreigners for the oil industry

The Angolan labour market has been the target of several recruiting and hiring policies. The "Angolanisation" policy introduced by the Angolan Government fosters the hiring of Angolan nationals with the objective of reducing asymmetries resulting from the hiring of expatriate workers (foreigners) and increasing the share of Angolan workers in Angola.

Decree 5/95 of April 7 determines the need for 70% of the workers of Angolan companies to be Angolan nationals. In the oil industry, the trend has been one of exceeding this percentage.

The Angolan oil industry is currently subject to specific regulations regarding the hiring of staff. These specifications stem, in particular, from the new system of recruitment, integration, training and development of Angolan personnel and the hiring of foreign personnel to conduct petroleum operations in Angola, enacted by Executive Decree 45/10 of May 10.

Another relevant law is Decree-Law 17/09 of June 26, which determines that: (*i*) the hiring of expatriates by companies operating in the oil industry shall have due regard for and preference of hiring Angolans, regardless of the professional category or nature the post to be occupied, and (*ii*) give equal treatment to foreign workers and Angolans who have the same job and perform the same duties, particularly with regard to remuneration and benefits, thereby prohibiting any kind of discrimination.

At this time, companies operating in the oil industry can only hire expatriates: (*i*) after obtaining confirmation that there are no Angolan personnel qualified to perform the work, and (*ii*) with the prior permission of the Ministry of Petroleum, which is given both to groups of expatriates and individually. To this end, companies are required to demonstrate to the Petroleum Ministry that the national labour market has no Angolan citizens available for the position in question.

15. Immigration and the Mechanism for Obtaining Visas and Residence Permits for Foreign Citizens

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

15.1 Types of visas

Under the law, every non-resident foreigner needs a visa to enter Angola. There are five types of visas: (*i*) diplomatic visa, (*ii*) official visa, (*iii*) courtesy visa, (*iv*) consular visa, and (*v*) territorial visa.

The diplomatic, official and courtesy visas are granted by the Ministry of Foreign Affairs, through the diplomatic or consular missions authorised for the purpose, to the holder of diplomatic, service, special or ordinary passport travelling to Angola on a visit of a diplomatic, service or official nature. This visa must be used within 60 days of the date of issue, allow a stay in the country of up to 30 days and is valid for one or two entries. Exceptionally, it may be granted for multiple entries for a total stay of up to 90 days.

The consular visa is granted by the diplomatic and consular missions in the country of origin of the foreign national. There are 10 types of consular visa:

(i) the transit visa, granted to foreign citizens who, to reach the destination country, have to stop over in Angola (allows stays in the country of up to five days);

(ii) the tourist visa, granted to foreign citizens wishing to enter Angola for a visit of a recreational, sports or cultural nature (valid for one or multiple entries and allows a stay in the country for a period of 30 days, renewable just once for a like period);

(iii) the short-term visa, granted to a foreign citizen who needs to enter the country for reasons of urgency (must be used within 72 hours, allows a stay in the country of up to seven days, renewable for a like period);

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

(v) the study visa, which allows foreign citizens to enter the country to attend a study programme at public or private schools, as well as vocational-training centres, to obtain an academic or professional degree or take training courses at companies and public or private services (allows the holder to stay for one year, renewable for a like period, up to completion of studies and can be used for multiple entries);

(vi) the visa for medical treatment, allowing the entry of foreign citizens in the country to undergo treatment in public or private hospitals (allows multiple entries and a stay of 180 days, and may be extended at the Immigration and Foreigners Service/*Serviço de Migração e Estrangeiros* until the end of treatment).

(vii) the privileged visa, granted by Angolan diplomatic and consular missions to foreign citizens who are investors or agents or attorneys of the investor, allowing entry into the country for purposes of implementation and execution of the proposed investment approved under the Private Investment Act/"*Lei do Investimento Privado*" (allows the holder multiple entries into the country and a stay of up to two years, renewable for like period, and its beneficiary may apply for a residence permit);

(viii) the work visa, for non-resident foreign citizens wishing to perform gainful employment in the interests of the State or as an employee (allows multiple entries into the country up to the end of the employment contract and is granted for a minimum of three months and a maximum of 36 months, according to the duration of the employment contract; this visa allows the holder to exercise only the occupation for which it was granted and solely for the employer who applied for it; work visas are divided into several categories according to the characteristics of the employer or the sector of activity, and some categories of workers enjoy an exceptional scheme);

(ix) the temporary-stay visa, granted for humanitarian reasons, to fulfil a mission for a religious institution, for conducting scientific research work, for accompanying a relative holding a study, privileged or work visa, for being a relative of a holder of a valid residence permit or a spouse of an Angolan citizen (entitling its holder to multiple entries and a stay up to 365 days, which may be extended until the reason for its grant comes to an end); and

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

Lastly, the territorial visa is granted in very exceptional situations by the Migration and Foreigners Service at border crossings when the foreigner cannot obtain the consular visa. The territorial visa may be (*i*) a border visa (issued at border checkpoints and allowing entry into the country by foreign citizens who for unforeseen, justified reasons did not apply for a visa to the consular and diplomatic entities in their country of origin) or (*ii*) a transhipment visa (issued at maritime border crossings, allowing the transfer of crew members from one ship to another at sea).

15.2 Requirements for the grant of visas

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

(i) holds a passport valid for more than six months;

(ii) has a travel ticket recognised and valid for Angola;

(iii) is the holder of the passport and is of legal age or has the express permission of the parents, legal guardian or person exercising parental authority;

(iv) is not included in the national list of undesirable persons;

(v) does not constitute a danger to public order or national security interests;

(vi) the passport holder has complied with all the health requirements established by the Ministry of Health for entry into the country.

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

15.3 Power to authorise the grant and extension of visas

Apart from the grant of the diplomatic, official, courtesy, transit and short-stay visas, which are subject only to timely communication to the Migration and Foreigners Service, the granting of entry visas into the country by the diplomatic and consular missions requires the prior authorisation of the Migration and Foreigners Service.

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

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

15.4 Cancellation of visas

Visas may be cancelled:

(i) where they have been granted on the basis of false statements, use of fraudulent means or by invoking reasons other than those that were the reason for the entry of their holder into the country;

(ii) where the holder has been subject to an expulsion order from the country.

Work visas may be cancelled where:

(i) the employment contract that gave rise to the grant of the visa is terminated;

(ii) the holder carries on an occupation other than that which gave rise to the grant of the work permit;

(iii) the holder provides services to an employer other than the one that applied for the visa.

The cancellation of visas is the responsibility of the Director of the Migration and Foreigners Service, and it may also be implemented during the course of an authorised extension of the stay.

15.5 Agreements with other countries

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

16. Intellectual Property

Legal protection of intellectual property in Angola stems from the Copyright Act ("*Lei dos Direitos de Autor*", Act 4/90 of March 10) and the Industrial Property Act ("*Lei da Propriedade Industrial*", Act 3/92 of February 28). Angola is party to several international conventions and treaties on industrial property, among which stand out the World Intellectual Property Organisation, the World Trade Organisation, the Paris Convention for the Protection of Industrial Property and the Patent Cooperation Treaty.

16.1 Copyright

Copyright is the right that authors of literary, artistic and scientific works have to enjoy and use these works or to authorise their use and enjoyment. Copyright covers rights of both economic and moral nature.

Economic rights consist essentially of the exclusive right to perform (or authorise others to perform) acts of publication, reproduction and communication to the public by any means, as well as the translation, adaptation, arrangement or other transformation of the work. The author may authorise the use of and/or convey economic rights through a written document in which the conditions and manner of use and/or limits of the transfer are fixed. Transfer in full of the economic content of copyright requires authorisation by the Ministry of Culture.

Moral rights consist of the right to demand recognition of the authorship of the work and mention of the author's name whenever it is communicated to the public, as well as the right to defend its integrity and to object to any distortion, mutilation or modification of the work and additionally entitlement to keep the work unpublished, to alter it before or after it is communicated to the public, to remove it from circulation or suspend any form of use already authorised. These rights cannot be transferred.

Economic rights are maintained throughout the life of the author and 50 years after his death; moral rights are protected indefinitely.

As a general rule, the copyright belongs to the creator of a literary, artistic or scientific work. However, there are special rules for determining ownership, as in the case of a work created under an employment or service contract or in the performance of functional duties, in

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

Infringement of copyright is subject to civil and criminal liability.

16.2 Industrial property

The Industrial Property Act is intended to protect industrial property, which has as its object invention patents, utility models, industrial designs and models, trademarks, reward, establishment names and insignia and indications of provenance, as well as to repress of unfair competition.

Applications for registration must be filed with the Angolan Industrial Property Institute and the registration has constitutive effect.

The duration of protection varies depending on the right granted: 15 years for the patent and five years, with the possibility of renewal for two further periods, for the utility model and industrial designs and models. The trademark registration lasts 10 years and can be renewed indefinitely for like periods; registration of establishment names and insignia lasts for 20 years, with successive extensions. The reward and indications of provenance have unlimited duration.

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

Ownership of the invention patent can be transferred *inter vivos* (by deed) or on death (testamentary or legitimate inheritance). Patent-exploitation licences may be granted by contract.

Transfer of trademarks must comply with the legal formalities required for the transfer of the goods to which they relate and, unless otherwise agreed, transfer of the establishment presupposes the transfer of ownership of the trademark. The holder of the trademark registration may grant exploitation licenses for the brand by written contract.

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

Violation of rights conferred by the patent is punishable with imprisonment for up to six months and a fine. Illegal use of trademarks is also punishable with fine, which may be compounded with imprisonment up to three months. Violation of designs or models, reward, establishment names and insignia is punishable by a fine.

17. Means of Dispute Resolution

17.1 Judicial system

Seeking to put a stop to proliferation of courts following the independence of Angola, Act 18/88 of December 31 enacted the Unified Justice System ("*Sistema Unificado de Justiça*"). At present, the Angolan system of justice is guided by principles of exclusivity of the jurisdiction of the courts in the administration of justice, independence of judges and people's advisers, publicity of discussion and trial hearings, ensuring equality of citizens before the courts and subjection to imprisonment or trial only in those cases provided for by law and strictly accordance therewith.

In turn, the adoption of the Constitution of the Republic of Angola in 2010 imposed adjustment of the law governing the organisation and working of the courts to the enshrined principles and model of judicial organisation. The Organic Law of the Supreme Court ("*Lei Orgânica do Tribunal Supremo*", Act 13/11 of March 18) repealed various provisions and expressly enshrined the principles of independence, security of tenure and non-liability of the judges.

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

17.1.1 Organisation and general rules of jurisdiction

The organisation and working of the Angolan judicial system are governed by the Constitution and by various other laws such as laws on the Unified Justice System (Act 18/88 of January 4, amended by Act 13/11, of March 18, and Act 22-B/92, of September 9), the Organic Law of the Office of the Attorney General ("*Lei Orgânica da Procuradoria Geral da República*", Act 22/12 of August 14), the Statute of Judicial and Public Prosecution Magistrates ("*Estatuto dos Magistrados Judiciais e do Ministério Público*", Act 7/94 of April 29), the Advocacy Act ("*Lei da Advocacia*", Act 1/95 of January 6), the Legal Aid Law ("*Lei da Assistência Judiciária*", Decree Law 15/95 of November 10) and the laws on the various jurisdictions (labour, administrative, juvenile, maritime).

The hierarchy of the organisation of the courts is as follows:

(i) Supreme Court, the highest court of the common jurisdiction, which exercises jurisdiction over the entire national territory (its bodies are the President, the Plenary and four specialised Chambers);

(ii) Provincial Courts, with jurisdiction in the territory of the respective province and also divided into specialised sections (it should be noted that within the context of tax reform, Customs fiscal courts were established).

The law also provides for the creation of Municipal Courts with jurisdiction over the entire territory of the municipality, having general civil and criminal competence, and competence in the preparation and trial of civil cases of a value not exceeding AOA 100,000 (approximately USD 1,044,76) and also, under their civil jurisdiction, the trial of all issues in which, by agreement of the parties, only non-codified usage and customs are applied; in criminal cases, they are entrusted with the preparation and judgement of crimes punishable by correctional sentence.

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

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

Recognition of foreign-court judgements on private rights in Angola can be undertaken upon their confirmation and review by the Supreme Court (Civil and Administrative Chamber). There are also special laws and treaties on this matter.

This recognition depends on a number of formal and substantive requirements, and a foreign judgement may be enforced in Angola. The possibility of enforcing national judgements through foreign courts depends on the existence of international treaties or agreements and on the system of review of foreign judgements in the country where they are to be enforced.

17.1.3 International competence of Angolan courts

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

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

Lastly, it should be noted that foreign corporate persons are deemed to be domiciled in Angola if they have an agency, branch, affiliate or delegation in Angola.

17.2 Out-of-court means of dispute resolution

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

Use of arbitration is provided for in separate sectoral legislation, namely (*i*) in the Private Investment Act ("*Lei do Investimento Privado*", Act 20/11 of May 20), (*ii*) the Securities Act ("*Lei dos Valores Mobiliários*", Act 12/05 of November 12), (*iii*) the Petroleum Activities Act ("*Lei das Actividades Petrolíferas*"/Act 10/04 of November 12), and (*iv*) Resolution 34/06 of May 15, which reaffirms the State's intention to promote and encourage resolution of disputes by arbitration and requires the Angolan State to make provision, in its contracts, for the use of this means of dispute resolution.

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

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

The parties may also agree in the arbitration agreement or in a subsequent document that the ruling on the case be made according to equity or to usage and custom, both national and international. If nothing is agreed, the arbitral tribunal shall judge in accordance with the law. In decisions taken on the basis of usage and custom, the arbitral tribunal is obliged to respect the principles of Angolan public order at all times.

The arbitration proceedings are subject to the fundamental principles of equality of the parties and of adversary proceedings, and the law also provides for a period of six months from the acceptance of the last arbitrator to issue the arbitration award, though another deadline may be agreed.

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

The law makes a distinction between domestic arbitration and international arbitration, the latter being one that "brings into play the interests of international trade" (Article 40.1 of the LAV). The law applicable in these cases is chosen by the parties and the decision proffered cannot, as a rule, be appealed, unless the parties have expressly agreed to the possibility of appeal and have set its terms.

Despite regulation by the Voluntary Arbitration Act, Angola is a party neither to the 1958 New York Convention nor to the 1923 and 1927 Geneva Conventions. Thus, enforcement of any arbitration award shall depend on a process of its review and confirmation by the Supreme Court.

18. Combating Money Laundering

Having ratified the United Nations Convention against illicit traffic in narcotic drugs and psychotropic substances, cross-border crime and terrorist financing, Angola enacted, through Act 12/10 of July 9, a system of prevention and repression of money laundering and terrorist financing in order to comply with these conventions and guarantee the territorial security of its financial system.

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

The following are subject to this law:

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

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

(iii) branches in Angola of financial entities having their registered office abroad;

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

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

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

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

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

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

19. Major Sectors of Activity

19.1 Mining

Geological and non-oil mining activity is currently governed by the Mining Code ("*Código Mineiro*"), enacted by Act 31/11 of September 23, which includes the set of legal rules and principles relating to geological research, discovery, characterisation, evaluation, exploration, sale, use and exploitation of mineral resources on land, underground, in territorial waters, the territorial sea, on the continental shelf, in the exclusive economic zone and other areas of territorial and maritime domain under the jurisdiction of Angola, as well as access to and exercise of the rights and duties pertaining thereto. Activities related to the reconnaissance, prospecting, exploration, evaluation and exploitation of hydrocarbons, both liquid and gaseous, are excluded from the Mining Code.

Mineral deposits belong to the public domain, the State being charged with ensuring the sustainable exploitation of mineral resources for the benefit of the national economy and with intervening economically in the mining industry, either through regulatory entities and national concessionaires, or through operating companies.

The State also takes part in the appropriation of the product of the mining, as consideration for the concession of the mining exploitation and marketing rights, in one of the following forms or a combination of both: (*i*) participation, through a State company, in the share capital of the commercial companies to be set up, the share to be no be less than 10%; (*ii*) participation in kind in the mineral product produced, in a proportion to be defined, throughout the production cycles, the State's share to rise as the internal rate of return (IRR) increases.

Whenever national interests so require, the State may also requisition the purchase of the production, or part thereof, and acquire them at market price, for local industry.

It is intended that the exploitation of mineral resources be carried out with strict regard for the rules concerning safety, economic use of the land, the rights of local communities, and protection and defence of the environment. For such purpose, there are legal provisions for the consultation of local communities affected by mining projects, obligations to ensure employment and training of Angolan technicians and workers, as well as the duty to give preference to the use of national materials, services and products of a compatible quality, provided that their price is no more than 10% higher and delivery times do not exceed eight working days.

When the economic importance or the technical specificities of their exploitation so warrant, some minerals may be classified as "strategic", as in the case of diamonds, gold and radioactive minerals. The mining rights of strategic minerals may be exclusively allocated to a specific public entity, which assumes the role of national concessionaire, charged with representing the State in the regulation and supervision of the exercise of mineral rights.

The allocation of mineral rights is made through public call for tenders held at the initiative of the supervisory body or at the request of the person concerned addressed to the authority involved, the rights being conferred through the issue of one of the following:

(i) prospecting permit, for reconnaissance, prospecting, research and evaluation of mineral resources;

(ii) exploitation permit, for the exploitation of mineral resources;

(iii) quarrying permit, for prospecting or exploitation of mineral resources applicable in civil construction; and

(iv) mining permit for non-industrial exploitation.

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

Investment in mining activities by private entities, whether domestic or foreign, is subject to specific authorisation and is subdivided into the following categories, depending on the mining activity or the category of minerals in question: (*i*) general mining-investment; (*ii*) investment in industrial mining of strategic minerals; and (*iii*) non-industrial mining investment.

In accordance with the general legislation on mining investment, the investment in prospecting, studying, evaluating and industrial mining operations is undertaken by means of an investment contract approved by the Minister. Where the investment amounts to more than USD 25 million, the Executive Branch is competent to approve the mining-investment contract, while the Minister is the State interlocutor in all matters relating to the negotiation and provisions of the contract.

Mineral prospecting rights are assigned for an initial period of up to five years, which may be extended for successive periods of one year up to a maximum of seven years, without prejudice to the possibility to apply for a special extension for a maximum period of one year, if the total period of seven years is insufficient.

Exploitation rights are assigned for a period up to 35 years, including the prospecting and evaluation period, after which they expire and the mine reverts to the State. However, the law provides for the possibility that the Minister, following a reasoned request of the holder of mineral exploration right, grant an extension of the rights for one or more periods of 10 years each.

Mining companies are required to set up a legal reserve of 5% of the capital invested (in addition to the reserves established by company law), for the closure of the mine and environmental restoration.

The investment in strategic minerals mechanism contains several specifics beyond those set out in the general rules, among which stand out the approval of the contract by the Executive Branch and its negotiation by the body set up by the Executive Branch to regulate the exercise of rights of certain strategic minerals and by the national concessionaire.

The non-industrial mining investment mechanism applies to activity in which no paid labour is employed and only artisanal methods and means are used, with no involvement of self-propelled mechanical means or industrial mining technology.

Holders of mineral rights are entitled to market the product of the mining operation; its export, however, requires licensing by the competent body of the Ministry of Trade and customs clearance by the National Customs Service (*Serviço Nacional das Alfândegas*).

The marketing of strategic minerals may be subject to specific legislation for each strategic mineral and the President of the Republic is charged with approving the rules on the marketing system, including the share of production. The export of strategic minerals is also subject to licensing by the competent body of the Ministry of Trade and customs clearance by the National Customs Service, and institutionalisation of a system of certification of origin is also mandatory.

The Mining Code also establishes special legislation for non-industrial production of diamonds, diamond cutting and polishing, marketing of cut and polished diamonds and minerals for civil construction.

A tax and customs scheme is also established applicable to all entities, national or foreign, engaged in the activities of reconnaissance, research, prospecting and exploration of minerals in Angolan territory, as well as other territorial or international areas over which international law or treaties recognise as tax jurisdiction of Angola.

Criminal acts involving common minerals are subject to common criminal legislation; for acts involving strategic minerals, the Mining Code establishes special criminal legislation.

19.2 Fisheries

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

The new fisheries law or Aquatic Biological Resources Act ("*Lei do Recursos Biológicos Aquáticos*", Act 6-A/04 of October 8) establishes the bases of policies for the conservation and sustainable renovation of aquatic biological resources and the principles governing their exploitation and use, enshrining principles of sustainability and environmental responsibility imported from the Environmental Framework Act ("*Lei de Bases do Ambiente*", Act 5/98 of June 19). The law also governs the licensing of fish and fishery-products processing and sale establishments, as well as the constitution (under a concession by the Minister of Agriculture, Rural Development and Fisheries) and extinction of fishing rights.

Under this law, fishing in Angola can be maritime or continental and commercial or non-commercial. Commercial fishing is industrial, semi-industrial or artisanal, depending on the equipment used, the volume of the catch and the end-use of the fish. Artisanal fishing accounts for a considerable portion of the total volume and value of Angolan fishing.

The General Fisheries Regulations ("*Regulamento Geral da Pesca*", Decree 41/05 of June 13) lays down general rules and principles for the implementation of the Aquatic Biological Resources Act, addressing in particular the organisation of fishing, measures for the conservation and preservation of marine resources and the registration, safety and insurance of fishing vessels.

Following a series of political and economic reforms, the Angolan State has sought to modify its role in this sector, and, in recent years, there has been liberalisation of prices and privatisation of several companies and preparation is under way of conditions for the privatisation of other larger companies. The State has thus come to limit its action in this sector to resource management, supervision, support for development and creation of port infrastructure.

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

19.3 Ports

Given its extensive Atlantic coast line, Angola has ports of great importance and size, and shipping is the primary means of foreign trade.

There are three major commercial ports and several hundred small ports geared primarily for fishing and oil. The major commercial ports are Luanda (the oldest), Lobito and Namibe.

Act 9/98 of September 18 enacted the Port Domain Act ("*Lei do Domínio Portuário*"), which enshrines a Port Spatial Plan ("*Plano do Ordenamento Portuário*"), the legal framework of private-sector works and activities in the area of port jurisdiction, definition of the Port Authority and its respective powers, and definition of the duties of the users of port-domain land.

The General Port Concessions Bases ("*Bases Gerais das Concessões Portuárias*") are set out in Decree 52/09 of July 18, in which port concession is defined as the administrative contract whereby the port grants to a corporate person the management of activities and services associated with cargo handling, using and developing for the purpose certain areas, infrastructures and equipment in the area under the jurisdiction of the port. Port concessions are governed by the administrative-contracts legislation. In this connection, Decree 66/99 of December 3 is also relevant (Licensing the Use of Port Domain Property Regulation/"*Regulamento de Licenciamento do Uso de Bens do Domínio Portuário*"), laying down rules on use permits, their duration and charges.

Decree 53/03 of July 11 (Port Operation Regulation/"*Regulamento de Exploração dos Portos*") contains the fundamental provisions to be observed in the use of Angolan ports.

In the oil industry, the provisions of Order-in-Council 10756 of May 27 must also be observed (Handling of Petroleum Products in Ports of Angola Regulation/"*Regulamento para Movimentação de Produtos Petrolíferos nos Portos de Angola*"), which governs the handling of products of this kind.

19.4 Waters

Angola, like the rest of sub-Saharan Africa, has serious problems in supplying water to the population, especially in rural areas. In turn, the civil war destroyed much of the basic infrastructure, so that the Government recognises the importance of the reconstruction of the water industry for the development of the country and quality of life of the population. The Ministry of Energy and Water is responsible for monitoring and implementing approved policies and has prepared a programme of investment in the electricity and water sectors up to 2016.

The defined targets are the rehabilitation and expansion of the national water supply systems as a whole, in order to achieve a coverage rate of 100% in urban and 80% rural areas, together with completion of the "Water for All" ("*Água para Todos*") programme approved by Council of Ministers' Resolution 58/07 of June 27.

Because it is a vital sector for the economic development of the country, water distribution and sewage treatment have been the subject of considerable foreign investment from countries such as China, Brazil, Germany, Spain and Portugal. Although scarcity is clearly greater in rural areas, even in Luanda water supplies often fail for very long periods, implying severe inconvenience and considerable expense.

As a result of these failures and the lack of water-quality in general, the market for the sale of bottled water is a very active one, involving foreign and domestic brands of high quality.

19.5 Petroleum

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

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

The rules of access to and pursuit of petroleum operations, that is, prospecting, exploration, appraisal, development and production of crude oil and natural gas activities are regulated by Act 10/04 of November 12 (Petroleum Act/"*Lei das Actividades Petrolíferas*") and Decree 1/09 of January 27 (Petroleum Operations Regulation/"*Regulamento das Operações Petrolíferas*"). According to these laws, oil operations can only be exercised under a prospecting licence issued by the Ministry of Petroleum, or an oil concession, awarded by the Government.

19.5.1 Prospecting licence

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

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

The prospecting licence entitles the applicant to conduct geological, geochemical and geophysical research, and the processing, analysis and interpretation of the acquired data, as well as regional studies and mapping, for the purpose of locating oil and natural gas fields. This right is not exclusive to the applicant to whom the licence is granted, nor is the licensee granted any right of first refusal with respect to oil production in the area to which the license relates.

The data derived from the petroleum prospecting operations carried out under prospecting licence are State property and may be used by the licensee and the National Concessionaire. The Ministry of Petroleum may authorise the sale of the data by the licensee, after a hearing of the National Concessionaire, the net proceeds of such sales being shared by the licensee and the National Concessionaire.

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

19.5.2 Petroleum concession

For petroleum operations outside the scope of a prospecting licence, the interested companies must join up with the National Concessionaire for the joint exercise of the activities.

This association between national or foreign companies of proven competence and technical and financial capacity and the National Concessionaire is subject to prior approval of the Government and may lead to (*i*) the incorporation of a company, (*ii*) the entering into of a consortium agreement, or (*iii*) the entering into of a production--sharing agreement.

The National Concessionaire may also carry out petroleum operations through risk service contracts.

The concession covers:

(i) the exploration period, which includes the search phase (prospecting, drilling and well-test activities leading to the discovery of reservoirs) and the evaluation phase (activity after the discovery of a deposit in order to define the parameters of the field to determine its marketability, including drilling appraisal wells and performing depth tests, collection of special geological samples and the fluids of the reservoirs, and performing studies, gathering additional geophysical data and their processing, among others); and

(ii) the production period, which includes the development phase (activities after determining that a discovery is commercial, including geological studies, drilling of production and injection wells, design, construction and installation, the connection and initial verification of the equipment required to extract oil) and the production phase (activities relating to the extraction of oil, including the operation of completed wells and of the equipment concluded during the development phase, the sale, collection, processing, storage and shipment of the oil and also the operations involved in shutting down the reservoirs).

The concession may cover just the production period. The terms of the concessions and their different periods and phases are laid down in the concession decree.

The Government may assign a concession directly to the National Concessionaire, should it wish to carry out petroleum operations in a particular area without having to associate with other entities.

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

The concession is extinguished by agreement between the State and the National Concessionaire, rescission or termination by the National Concessionaire, redemption or expiry under the following terms:

(i) the National Concessionaire may apply to the State for, by agreement, the extinction of the concession because of technical or economic infeasibility of oil production in the concession area (if the National Concessionaire is associated with third parties, the said application must also be signed the associates):

(ii) rescission of the concession may occur if the oil operations are not undertaken, if any reservoir is abandoned without the authorisation of the Minister of Petroleum, if there are serious, reiterated violations of the law or concession decree, or any mineral not covered by the object of the concession is intentionally extracted;

(iii) the National Concessionaire may waive all or part of the concession area at any time during the production period, provided it shall have fulfilled all its legal and contractual obligations (the waiver must also be signed by the associates of the National Concessionaire, if any);

(iv) the concession may be totally or partially redeemed by the State, for reasons of public interest, upon payment of fair compensation; and

(v) expiry of the period of exploration or its extensions (except for areas where there are on-going petroleum operations or in respect of which a commercial discovery has been declared), the end of the production period or its extensions, the extinction of the National Concessionaire or fulfilment of a resolutive condition provided for in the concession decree.

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

19.5.3 Public tender

The principle of the public tender applies not only to the selection of the associates of the National Concessionaire but also to contracting the services and procurement of goods needed to carry out the petroleum operations.

The rules and procedures of public tenders within the scope of petroleum operations are established by Decree 48/06, of September 1.

19.5.4 Investment risk during the exploration period

The risk of the investments during the exploration period is for the account of the associates of the National Concessionaire, which are not entitled to recoup the capital invested if there is no commercial discovery.

19.5.5 Local content

Companies that are granted prospecting licences, companies that are granted oil concessions in association with the National Concessionaire and the National Concessionaire, as well as the companies that co-operate with them in petroleum operations, shall acquire Angolan materials and equipment and hire Angolan service providers, insofar as they are identical to those available in the international market for delivery in good time and to the extent that their prices are no more than 10% higher than the cost of imported items or services, including customs, tax and shipping and insurance costs. Consultation of Angolan companies under the same conditions as the consultation of foreign companies is mandatory.

Additionally, the associates of the National Concessionaire shall participate in the efforts of integration, training and professional promotion of Angolan citizens. Companies that perform oil operations in Angola are required to employ Angolan citizens in every category

and function, unless in the domestic market there are no Angolan citizens having the required skills and experience.

19.5.6 Guarantee of compliance

Upon the issue of the prospecting licence or the entering into of the contract with the National Concessionaire, the licensees and associates of the National Concessionaire must provide a bank guarantee to ensure fulfilment of the work obligations assumed. In the case of a prospecting licence, the amount of the guarantee shall be 50% of the value of the estimated work. As for the associates of the National Concessionaire, the amount of the guarantee shall be of the value that comes to be agreed for the mandatory work schedule of the oil concession.

The National Concessionaire may also require to its associates to present parent company guarantee.

19.5.7 Gas flaring

The use of natural gas produced at any reservoir is mandatory, and its flaring is prohibited, except for a short period of time and only when required for operational reasons. The Ministry of Petroleum may allow associated gas flaring to render possible the exploitation of small reservoirs.

19.5.8 Supervision of petroleum operations

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

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

The initiative for the initiation and preparation of infringement procedures and the application of the respective fines is the responsibility of the Ministry of Petroleum. Fines for breaches of the Petroleum Operations Regulation may vary from AOA 3.7 million (approximately USD 386,560) to AOA 111 million (approximately USD 159,681).

19.5.9 Ownership of the oil and limits to its disposal

The point of transfer of ownership of the oil produced lies beyond the mouth of the well, and the associates of the National Concessionaire may freely dispose of their share of the oil produced, except in cases of need for domestic consumption and of requisition as described hereunder.

The Government may require the National Concessionaire and its associates to provide to an entity designated by it, from the respective share of the production, an amount of oil to meet Angolan domestic consumption needs. The participation of the Concessionaire and its associates in meeting the country's domestic consumption needs cannot exceed the proportion between the annual production of the concession area and Angola's total annual production of oil and may not exceed 40% of the total production of the area of the concession in question.

In the event of national emergency, the Government may also order the requisition all or part of the production of any concession and demand that production be increased to the maximum extent technically feasible. The Government may likewise order the requisition the oil facilities of any concession. These requisitions are subject to compensation by the Government.

19.5.10 Disputes

Disputes between the Ministry of Petroleum and the licensees or between the National Concessionaire and its associates about contractual matters that are not resolved by agreement shall be resolved by arbitration. The arbitral tribunal shall sit in Angola under Angolan law and the arbitration shall be conducted in Portuguese.

19.6 Natural gas

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

This project for the use of natural gas by conversion into LNG was initially developed by the National Concessionaire and a number of affiliates of other companies. Feasibility studies suggested the need for the creation of tax, foreign-exchange and customs incentives capable of generating balance between the interests of the Angolan State and a fair return and compensation for the promoters' investment risk.

In this connection, Decree-Law 10/07 of October 3 enacted the Angola LNG Project legislation (Project Legislation/"*Regime Jurídico do Projecto*"), stipulating that the Angola LNG Project is subject, with some adjustments, to the rules applicable to oil activities, namely the Petroleum Activities Act/"*Lei das Actividades Petrolíferas*", the Taxation of Petroleum Activities Act/"*Lei sobre a Tributação das Actividades Petrolíferas*" and Act 11/04 of November 12 on the Customs procedure applicable to the oil industry. Thus, for example, the Project Legislation introduces alterations to the levy, taxpayers and tax rate on oil income, increases the list of goods exempt from Customs Duties and creates a special exchange-rate mechanism where those activities are performed under the Angola LNG Project.

Although the procurement of goods and services from Angolan and foreign suppliers by Angola LNG Limited (the prime entity responsible for implementing the project) must follow the principles of transparency and economic efficiency, the Project Legislation (except for goods and services related to non-associated gas operations) precludes the application of Decree 48/06 of September 1, which establishes the rules of public tenders for the procurement of goods and services required for petroleum operations.

19.7 Biofuels

The general bases for the encouragement of cultivation of sugar cane and other plants for biofuel production are set out in Act 6/10 of April 23 (Biofuels Act/"*Lei sobre os Biocombustíveis*"). One of the principles established by this act is to promote and foster electricity production using biomass (plant or animal materials and their biodegradable waste), diversifying the energy matrix of Angola.

The Biofuels Act also stipulates that the incentives to be granted to the pursuit of activities related to the production of biofuels are those defined in Act 11/03 of May 13 (Private Investment Act/"*Lei de Bases do Investimento Privado*"), and Act 17/03 of July 25 (Tax and Customs Incentives for Private Investment Act/"*Lei sobre os Incentivos Fiscais e Aduaneiros ao Investimento Privado*"), alongside others that come to be defined.

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

The land right to be allocated to farmers and industrial entities to carry on economic activities related to the cultivation of sugar cane and other plants for biofuel production is, in principle, a surface right, awarded for a period 30, renewable up to 60 years. When such leasehold rights are extinguished, the land and respective undertakings revert to the State, without any obligation to compensate investors. The full and complete use of the land subject to the land right, the setting up of factories and the commencement of production shall take place within a maximum of six years.

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

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

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

Additionally, agro-industrial projects for the production of biofuels shall include infrastructure of a social nature, such as housing, childcare, schools, hospitals and health centres, and recreational and sports facilities, with basic sanitation, lighting, piped fresh water and proper housing for low-income workers, and areas on which to grow vegetables and rear livestock for their own consumption. The costs of construction, operation and maintenance of this infrastructure shall be for the account of the investors, who also participate in the efforts of the Government and local authorities in respect of costs related with access roads and social health and transport structures.

Agro-industrial investors related to biofuel production are also obliged, in particular: (*i*) to provide the National Concessionaire under a contract of sale, part of the production required to meet domestic-consumption needs; (*ii*) not to use the land on which land rights have been constituted for purposes other than those for which they are intended; (*iii*) to provide free medical care to low-income workers and their spouses, minor children and parents without proven resources; (*iv*) to respect the byways that rural people use to gather water, firewood, charcoal and game and to visit nearby villages; and (*v*) to restore the land as naturally as possible on conclusion of the project.

In keeping with the polluter-payer principle, 1% of the profits of the biofuel operation shall be invested in the development of environmental projects, in scientific and technological research, and in innovation.

Breach of legal obligations by agro-industrial biofuel-production entities is subject to fines, loss of exemptions and incentives, and the revocation of the authorisation to pursue the business (sanctions that are applied by the National Private Investment Agency), and, in certain cases, may involve criminal liability.

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