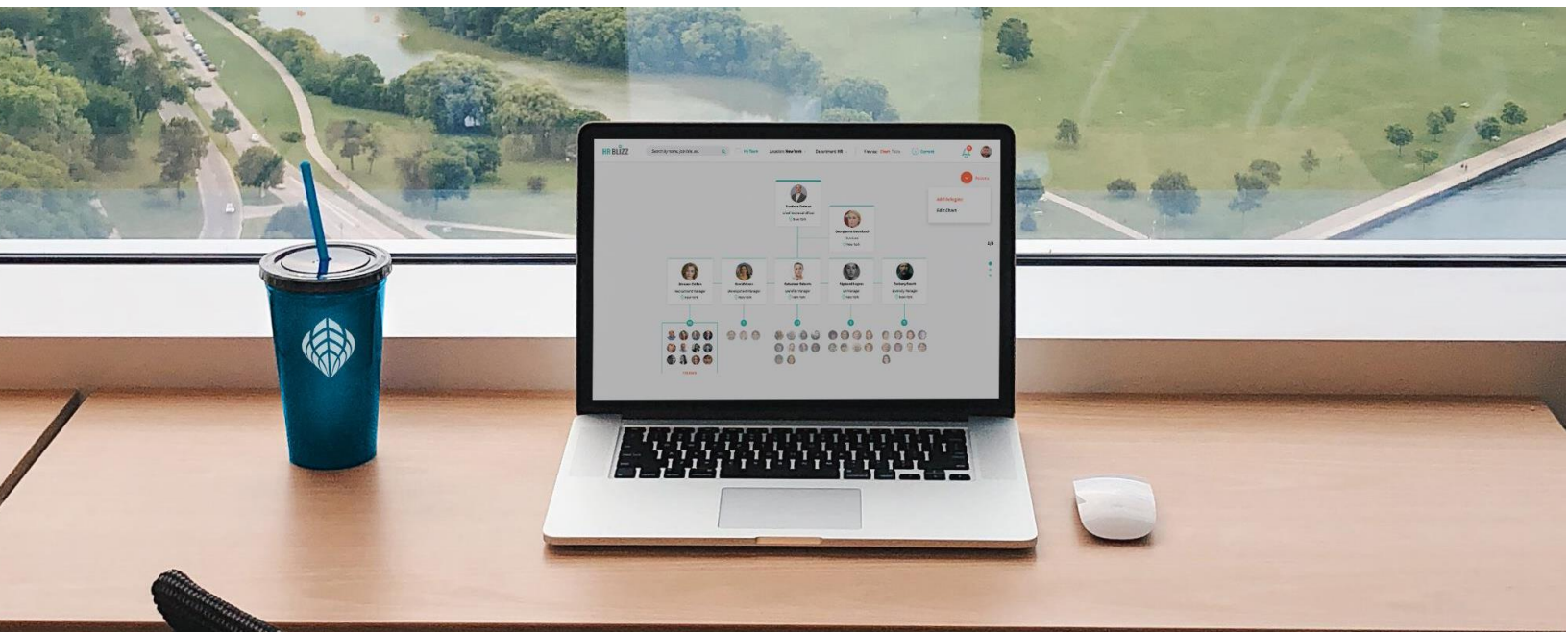




Simplifying Employment
Tasks Worldwide

Payroll & Tax Highlights

2020 Global Payroll Country Guide for Angola



REPUBLIC OF ANGOLA



May 4, 2020



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140+ Countries	20 Years of Success	500+ Specialists
5k+ Customers Worldwide	97% Client Retention Rate	1.5X Annual Revenue Growth
25k+ Largest Single Payroll	2.5M+ Pay Slips per Annum	0 Security Breaches

Number one for outsourced payroll services, we are endorsed by international authorities.



Mercans has the highest industry quality and IT security certifications.





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Angola – on the path of reforms.

Angola continues to face a challenging macroeconomic environment since the sharp drop in oil prices in 2014.

A real GDP contraction of 0.1% is estimated for 2019, indicating that the recession has not yet ended. Even so, there are signs of recovery, and growth of 2.8% is predicted for 2020.

The oil price shock of 2014 reduced oil revenues from 35.3% of GDP to 17.5% in 2017, leaving an estimated fiscal deficit of 0.1% of GDP in 2019. The value-added tax adopted in 2019 should broaden the tax base and reduce government dependency on oil-related revenues.

The current account surplus is estimated to narrow from 6.9% of GDP in 2018 to 0.5% in 2019, driven by lower export earnings from the oil sector. Pressure on the exchange rate and inflation continues. To reduce the overvaluation of the real exchange rate and ensure that international reserves remain adequate, the government tightened public spending and increased exchange rate flexibility. Reserve money targeting, introduced at the end of 2017, is beginning to stabilize inflation, which dropped from 29.8% in 2017 to an estimated 17.5% in 2019. The fiscal deficits are being financed by external debt and by budget support from multilateral organizations.

Investments in activities and value chains based on comparative advantages in agriculture, fisheries, and petrochemicals need to be aligned with skill upgrading and human capital development.

A 9% reduction in oil production in 2018 is due to the aging of oil production infrastructure and poor performance of new oil fields. Low workforce skills are also hindering private investment and economic diversification, with only 15% of females and 21% of males completing upper secondary school. The business environment needs to improve private sector-led growth and competitiveness. Structural reforms and macroeconomic stabilization must pave way to economic recovery, diversification, and job creation.

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Doing Business in Angola

Entity Registration & Incorporation Requirements

Business entities in Angola:

- The Angola LLC is the business entity most commonly used by foreign entrepreneurs when incorporating company in Angola.
- Capital is divided into quotas and shareholders are jointly liable for their investments.
- An Angola LLC must appoint 1 director and 2 shareholders and deposit US\$1,000 as minimum paid up share capital.
- Shareholders are allowed to defer 50% of the minimum share capital as long as the amount is paid in fully by the date of incorporation of the company.

The Angola public limited Company (SA)

- 5 shareholders and 3 directors
- Minimum share paid-up US\$20,000, 30% of which must be fully paid before the incorporation of the company

The Angola branch office (Sucursal)

This business setup requires a local resident be appointed as the entity's registered representative in the country. The scope of operations for this entity will be defined by the parent company, Also, the branch office will have an independent management team and corporate bank account based in Angola.

The Angola representative Office:

An Angolan representative office is setup for the purpose of:

- Market research
- Promoting the business of the foreign firm it represents.
- A representative office is not allowed to pursue production-related or commercial activities and can only have a maximum of 6 employees, with a 50% quota on foreign employees. The company must also deposit a performance bond guarantee in an Angola corporate bank account in the amount of US\$60,000



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Comparison between different Anglo business entities:

	LLC	PLC	Branch	Rep Office
Also known as	LDA	SARL	Sucursal	Escritorio de representacao
How long to set company up?	18 weeks	18 weeks	20 weeks	20 weeks
How long to open company bank account?	4 weeks	4 weeks	5 weeks	5 weeks
Lega liability?	Limited	Limited	Unlimited	Unlimited
Wholly foreign owned?	Yes	Yes	Yes	Yes
Minimum paid-up share capital?	US \$1,000	US \$20,000	US \$0	US \$60,000
File annual tax return?	Yes	Yes	Yes	No
Tax registration certificate required?	Yes	Yes	Yes	No
Resident director required	No	No	No	No
Resident shareholder required	No	No	No	No
Minimum directors allowed	1	3	1	1
Minimum shareholder	2	5	1	1
Tax identification code required	Yes	Yes	Yes	No
Angola resident company secretary required	No	No	No	No
Angola corporate tax rete	35%	35%	35%	0%
Annual financial statement required	Yes	Yes	Yes	No
Statutory audit required	No	Yes	No	No
Regulated by	Ministry of commerce	Ministry of commerce	Ministry of commerce	Ministry of commerce
Allowed to issue sales invoices	Yes	Yes	Yes	No
Allowed to sign contract	Yes	Yes	Yes	No
Allowed to import and export goods	Yes	Yes	Yes	No
Can rent an office space in Angola	Yes	Yes	Yes	Yes
Can buy Angola property	Yes	Yes	Yes	No
Can own equity in other Angola companies	Yes	Yes	Yes	No

Procedures for Establishing Companies in Angola

A company must obtain a commercial operations permit (Alvará) from the Ministry of Commerce.

To apply for the issuance of the commercial operations permit, the following documents must be filed with the Municipal Delegation of the Ministry of Commerce:

- company's notary deed of incorporation;
- copy of the tax identification card;



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- commercial registration certificate;
- statistical registration certificate;
- extracts from the criminal record of the founders;
- opinion, by the relevant administrative authority, on the company's geographical location and social and economic feasibility;
- a photocopy of ID or passport.

Employment

Article 3.3 of the new General Labor Law (7/15) defines an 'employment contract' as "a contract whereby an employee undertakes to make available his professional activity to an employer's benefit, within its relevant organization and under its guidance and authority, in consideration for remuneration". The definition of 'employee' is set out in Article 3.27 of the same law: "Any natural person, national or foreign resident, who freely undertakes to make his professional activity available to an employer, in consideration for remuneration, within the employer's organization and under its authority and guidance."

Under Article 1154 of the Civil Code, a 'services agreement' is the "agreement whereby one of the parties undertakes to make available the result of his/her intellectual or manual work, with or without pay"

For the issuance of the commercial operations permit, one requirement is for the relevant administrative authorities to inspect the company's premises to confirm they are suitable for commercial activities.

No all employment contracts must be in writing. However, certain specific types of employment contract (eg, fixed-term employment contracts and training contracts) must be in writing. Employment contracts for an unlimited term are always subject to an implied probation period of 60 days.

Banking & Working Weekdays:

Shops are generally open Monday to Friday from 8am-9am to 6pm-7pm; and on Saturdays 8 am-9 am to 12:30 pm.

The offices are generally open Monday through Thursday from 7:30am to 12:30pm and from 2:30pm to 6:30pm, and on Friday from 2:30pm to 5:30pm. Some offices are open on Saturdays from 8:30am to 12:30pm.

Banks are open from 8:45am to 4pm from Monday to Friday and are closed on Saturday and Sunday.



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Basic Facts

Official State Name	Republic of Angola - República de Angola (Portuguese)
Population	32.87 million
Capital	Luanda
Major Languages	Portuguese – Other languages Foreign: English, French
Currency	Kwanza
Main Industries	Oil, Diamond, Agriculture, Fishing,
GDP Growth	- 1.30
Internet Domain	.AO
International Dialing Code	+244
Dates & Numbers	Dates are usually written in the day, month and year sequence. For example, 1 July 2020 or 1/7/20.
Time Zone	West Africa Time Zone UTC+01:00.



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Tax & Social Security

The Tax Year end in Angola 31st December. The Monthly filing deadline for taxes must be paid by the employer in the relevant tax office by the end of the month following that to which the tax relates.

The annual filing deadline is currently the end of February.

Personal Income Tax

Residents and Non-Residents

An individual is deemed to be resident in Angola for tax purposes if, they either maintain a residence (i.e. a habitual residence) in Angola on 31 December of the fiscal year or spends more than 183 days, consecutive or not, in Angola in during the fiscal year.

Irrespective of the individuals' nationality or tax residency status, personal income tax applies to all remuneration, wages, salaries, fees, bonuses, and any other additional remuneration, including benefits in kind.

Some items of compensation may be exempt from or not subject to income tax under certain conditions, such as:

- Family allowances, up to 5% of the base salary.
- Meal and transport allowances, up to the limit of AOA 30,000 per month. The limit is established for each allowance.
- Employee's expenses when travelling on business, provided these are duly documented in accordance with the legislation in force.
- Employees' contributions paid to social security.
- Housing allowances, up to 50% of the contract value (when the rental contract is submitted to the tax authorities).
- Holiday or Christmas bonus allowances up to 100% of base salary are not included in taxable income for income tax purposes
- Rates and Thresholds: The tax on total income is calculated on a progressive scale with rates of 0 to 17 percent. These rates do not include self-employed of those receiving income from statutory boards.
- 8% employee social security contribution is treated as a pre-tax deduction for income tax calculation purposes.



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Personal income tax is calculated on a cumulative annual income basis based on the following progressive tax brackets.

Annual Taxable Income (AOA*)	Payable tax (AOA)
< 34,451	Exempt
34,451 - 35,000	The excess of 34,450
35,001 - 40,000	550 + 7% upon the excess of 35,000
40,001 - 45,000	900 + 8% upon the excess of 40,000
45,001 - 50,000	1,300 + 9% upon the excess of 45,000
50,001 - 70,000	1,750 + 10% upon the excess of 50,000
70,001 - 90,000	3,750 + 11% upon the excess of 70,000
90,001 - 110,000	5,950 + 12% upon the excess of 90,000
110,001 - 140,000	8,350 + 13% upon the excess of 110,000
140,001 - 170,000	12,250 + 14% upon the excess of 140,000
170,001 - 200,000	16,450 + 15% upon the excess of 170,000
200,001 - 230,000	20,950 + 16% upon the excess of 200,000
>230,000	25,750 + 17% upon the excess of 230,000

Tax Reporting

Individuals only deriving employment income are not required to file tax returns, as the employment income tax is withheld at source by their employer. Employment income tax is assessed and paid on a pay as you earn (PAYE) basis through monthly WHT collected by employers.

Self-employed workers file an annual return disclosing their annual income during March of the following year.

By the end of February each year, employers should file the Employment Income Tax annual return ('Modelo 2'). This return should disclose the total number of employees (including those who are self-employed), the total amount of wages and other income paid to each employee during the prior year, and the total amount of Employment Income Tax withheld.



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Employment income tax is paid on a PAYE basis through monthly WHT collected by employers.

Social Security

Both employers and employees contribute to a social security plan; the National Social Security Institute (INSS).

Social security contributions amount to 11 percent of the employee's salary. The employer is liable for 8 percent, while employees are liable for 3 percent. There is no maximum salary level.

Taxable income includes all cash or in kind benefits, with the exception of the following:

- Social benefits paid by employers.
- Holiday allowances.
- Values of subscription/participation in complementary social protection schemes.

Social Security contributions must be paid to the Social Security National institute by the 10th day of the following month. Expat employees are not required to pay Social Security if they can prove to the local social security authority that they are covered by their home country system.

Reporting

Social Security contributions must be paid to the Social Security National institute by the 10th day of the following month. Expat employees are not required to pay Social Security if they can prove to the local social security authority that they are covered by their home country system.

Employers are responsible for registering workers with INSS within 30 days of the beginning of their employment.

Employer Registration

Employers are responsible for company registration to; Guichê Único da Empresa, which then distributes the relevant information to the government ministries, including the Ministry of Public Administration, Employment and Social Security and the tax office of the Ministry of Finance.

Starters

A company is required to have a legal entity established in order to carry out business in Angola with no legal restrictions, including processing a payroll. A foreign company has two options, to register a Branch or Incorporate a Local Company. Employers are responsible for registering workers with INSS within 30 days of the beginning of their employment



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Leavers

After an employment contract has been terminated, the employee is entitled to receive wages for any unused leave for that year. The employee must be paid within three days following the termination of their employment.

Termination notice is 60 days for executives, middle level technicians and high-level technicians, regardless of tenure with the employer.

Angolan law allows payment in lieu of to notice for individuals dismissed for economic reasons.



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Payroll

Reports

Payroll and payment methods must be maintained by the Employer. The Employer keeps a record of all payslips tax and social security payments on file.

Employment Law

Annual Leave

An employee is entitled to 22 days per year of paid leave plus a bonus of 50% of one month's basic wage. Working mothers receive an additional paid day of leave for each child age 14 or under.

Angola treats sick leave and family care leave as a single unit. An employee is allowed three days' leave per month, up to a maximum of 12 days per year.

Maternity Leave

Maternity leave is a mandatory 12 weeks for women who have a minimum of six months of contributions into the social security system during the previous 12 months. (supplemented by the employer if necessary). Maternity leave commences four weeks before the due date and an additional four weeks of leave may be taken without pay.

A father can take one day of leave (Paternity) when his child is born.

Paternity Leave

A father can take one day of leave (Paternity) when his child is born.

National service

An employee may take paid leave for military duties of up to 2 days per month to a maximum of 15 days per year.

Education Leave

After giving 30 days' written notice, an employee may take unpaid leave for 60 days for education or training.

Employee Benefits

All workers are entitled to a holiday bonus and a Christmas bonus, each calculated as 50% of a month's base wages, thereby totalling an extra month's wage.



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Immigration

Visas

Foreign workers must obtain a work permit in order to work in Angola. A work visa is valid for two years and allows multiple entries but is not valid beyond the date on the work contract. (an employment contract for a foreign worker must be for at least three months but no more than 36 months)

Work Permits

Work permits for Angola are granted to expats who are temporarily employed by an Angolan company or the state.

Holders of a work visa can stay in the country for the duration of their work contract (usually up to 12 months) and are allowed multiple entries into the country. Expats are restricted to the job for which the visa was issued and are only allowed to work for the employer who requested the visa.

It's important to note that Angolan work visas don't allow the holder to establish residence, and expats wanting to live in the country need to apply for a residence permit for Angola.



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