



# **Gabinete Jurídico**

**REPUBLIC OF ANGOLA**

**LAW ON TAXATION  
OF  
PETROLEUM ACTIVITIES**

**ENGLISH TRANSLATION PREPARED BY  
THE LAW FIRM**

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**NATIONAL ASSEMBLY**

**LAW NO. 13/04**

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The taxation of petroleum operations in Angola started in the 1950s, when Decrees 41356 and 41357, both dated 11 November 1957, were issued following the first commercial discoveries in Angolan oil concessions.

The tax regime established by said Decrees corresponded to the traditional concession system whereby investors were recognized as the owners of the installations located within the concession area, and of the petroleum they extracted, while the State collected the tax revenue provided for by law.

The profound transformations which the traditional concession regimes underwent at the end of the 1960s and the beginning of the 1970s were reflected in the structure of the taxation system applying to petroleum operations.

Risk-sharing by investors and the defense of the interests of the Angolan nation in the exploration of non-renewable resources led to the creation of new tax regimes which were essentially characterized by the raising of taxes, accompanied by the increase of production and oil prices in the international market.

Upon attaining independence, Angola established the system of national ownership of natural resources in its Constitutional Law, and this principle remains part of the Constitution.

During the following years, necessary changes were made to existing contracts, as well as to the tax regimes applying to their respective concessions.

The diversity of the tax regimes which were created made it necessary to attempt to standardize the regimes applying to the different types of business associations involved in the exploration and production of petroleum, whether under production sharing agreements or unincorporated joint ventures (*associações em participação*).

As part of this effort, as from Decree No. 52/89, of 8 September 1989, a similar tax regime governing production sharing agreements has been in force, until such time as the Angolan legislature approves a uniform tax regime for petroleum operations.

The law which is hereby approved and published is the result of an effort to systematize the different tax regimes that were spread across various pieces of legislation, which meant that for taxpayers they were difficult to access, consult and apply.

In addition to the systematization which was accomplished, certain changes have been made in order to make taxation fairer and more uniform for those taxpayers subject to the tax regime set forth by this law.

At the same time, some of the procedures of the tax administration have been simplified and adjusted to take into account the new realities of modern-day

technology, as well, as the institutional context of the State and tax administration in particular.

The standardization of the tax regimes applicable to petroleum operations made by this statute take into account the particularities of the main types of business associations in the oil industry, including production sharing agreements and unincorporated joint ventures (associações em participação), with respect to, notably, the Petroleum Income Tax rate, the determination of taxable income, and the exemption of the Petroleum Production Tax and the Petroleum Transaction Tax in production sharing agreements.

Now, therefore, under Article 88, paragraph (b), of the Constitutional Law, the National Assembly approves the following:

## **LAW ON TAXATION OF PETROLEUM ACTIVITIES**

### **TITLE I GENERAL PROVISIONS**

#### **Article 1 (Purpose)**

The purpose of this Law is to establish the tax regime applicable to the entities referred to in Article 3, which carry out activities of exploration, development, production, storage, sale, exportation, treatment and transportation of crude oil and natural gas, as well as of naphtha, ozocerite, sulphur, helium, carbon dioxide and saline substances, provided they result from petroleum operations.

#### **Article 2 (Definitions)**

For the purposes of this Law, and unless otherwise expressly stated in the text, the words and expressions used herein are defined as follows, with definitions in the singular applying to those in the plural, and vice versa:

Administration and services, the series of activities carried out to support petroleum operations, including, but not limited to, all general administration and support activities to petroleum operations, such as management, supervision and functions related to generally overseeing such activities, and also including, but not limited to, accommodation and meals for employees, transportation, storage, emergency security and medical assistance programs, social services, accounting and record keeping.

Affiliate:

- (a) (a) a company or any other entity in which the taxpayer, directly or indirectly, holds the absolute majority of votes at the General Shareholders' Assembly or equivalent body, or is the holder of more than 50% of the rights and interests which confer the power of management on said company or entity, or has the power of management and control over said company or entity;
- (b) (b) a company or any other entity which, directly or indirectly, holds the absolute majority of votes at the taxpayer's General Shareholders' Assembly or equivalent body, or holds the power of management and control over said taxpayer;
- (c) (c) a company or any other entity in which the absolute majority of votes at its General Shareholders' Assembly or equivalent body, as well as the rights and interests which confer the power of management on said company or entity are held, directly or indirectly, by a company or any other entity which, directly or indirectly, holds the absolute majority of votes at the General Shareholders' Assembly or equivalent body of the taxpayer, or has the power of management and control over it.

*Development area*, in petroleum concessions where this concept applies, the entire area, within the area of the petroleum concession, capable of production from the deposit or deposits identified by a commercial discovery, and defined in accordance with the rules governing the petroleum concession in question.

*Associates of the State Concessionaire*, those entities which, under the Petroleum Activities Law, enter into association with the State Concessionaire, with a view to jointly carrying out petroleum operations.

*Petroleum concession or concession*, an area in which the exercise of mining rights has been authorized under the Petroleum Activities Law.

*State Concessionaire*, Sociedade Nacional de Combustíveis de Angola, Empresa Pública (Sonangol – E.P.), as the title holder of the mining rights.

*Tax costs*, expenses or charges which are essential to carry out petroleum operations as provided for in Article 21.

*Commercial discovery*, the discovery of a petroleum deposit which the State Concessionaire or its associates consider to be worth developing;

Development, activities performed subsequent to the declaration of a commercial discovery, including, but not limited to:

- (a) (a) geophysical, geological and reservoir studies and surveys;
- (b) (b) drilling of production and injection wells;
- (c) (c) design, construction, installation, connection and initial testing of equipment, pipelines, systems, facilities, machinery and related activities which are required to produce and operate said wells, and to secure, collect, process, handle, store, transport and deliver petroleum, or to undertake repressurization, recycling and other secondary or

tertiary recovery projects.

*Mining rights*, the series of powers granted to the State Concessionaire in order to carry out petroleum operations in the area of a given petroleum concession.

*Tax charges*, any charges of a tax nature imposed by law which are owed due to the carrying out of any activities of an economic nature.

Gas or natural gas, a mixture, which is essentially made up of methane and other hydrocarbons and which is found in a petroleum deposit in a gaseous state or which becomes gaseous when produced under normal conditions of pressure and temperature.

*Petroleum Transaction Tax*, the tax provided for in Title III, Chapter III of this Law.

*Petroleum Production Tax*, the tax provided for herein, which is calculated based on the quantity of crude oil or natural gas, as well as on the other substances referred to in Article 1 of this Law.

*Petroleum Income Tax*, the tax provided for herein which is levied on the profit or net income assessed as taxable income.

*Capital gains*, revenues or earnings realized on the disposal, for consideration, for whatever reason, of fixed assets or of goods or securities held as reserve or for enjoyment.

*Tax obligations*, the obligations of a tax nature set forth by this Law, which are owed due to the carrying out of exploration, development, production, storage, sales, exportation, transportation and processing activities involving crude oil or natural gas as well as naphtha, ozocerite, sulphur, helium, carbon dioxide and saline substances when resulting from petroleum operations.

*Petroleum operations*, all exploration, appraisal, development, production, storage, sales, exportation, treatment and transportation activities involving petroleum which are carried out under the Petroleum Activities Law.

*Operator*, the entity which performs petroleum operations within a given petroleum concession.

*Exploration*, the activity carried out with a view to discovering petroleum, including, namely, geological, geophysical and geochemical surveys and studies; aerial surveys and other surveys as may be included in exploration work programs and budget; and the drilling of shot holes, core holes, stratigraphic tests, wells to discover petroleum and other related holes and wells, the purchase and acquisition of the corresponding supplies, materials and equipment which may be included in said work programs and budget.

*Petroleum*, crude oil, natural gas and all other hydrocarbon substances which may be found in and extracted from a petroleum concession area, or otherwise obtained and saved therefrom.

*Crude oil*, a mixture of liquid hydrocarbons from any petroleum concession area which

are in a liquid state at the wellhead or in the separator, under conditions of normal pressure and temperature; including distillates and condensates as well as liquids extracted from natural gas.

*Profit petroleum*, in production sharing agreements, all petroleum produced and saved from each development area, and which is not used in petroleum operations, minus the petroleum for cost recovery from said development area.

*Cost recovery petroleum*, in production sharing agreements, the share of petroleum produced and saved from the development areas which is required to recover exploration, development, production and administration and services expenditures.

*Production*, includes, but is not limited to, the running, servicing, maintenance and repair of completed wells, and equipment, pipelines, systems, facilities and plants completed during development. It shall also include all activities related to the planning, scheduling, controlling, measuring, testing and carrying out the flow, gathering, treating, storing and dispatching of crude oil and gas from underground petroleum reservoirs to designated exporting and lifting locations and all other operations necessary for the production of petroleum. Production further includes the operations to transfer and abandon petroleum facilities and fields.

*State Concessionaire receipts*, the share of profit oil belonging to the State Concessionaire, as provided for in subparagraph 1 (b) of Article 19 of this Law, except for petroleum lifted under sole risk operations.

*Surface fee*, the fee of a tax nature which is calculated on the basis of the surface area on which development and production operations may be carried out.

*Arm's length sales to third parties*, impartial and non preferential sales between independent entities on a term or spot basis of petroleum by sellers to unaffiliated buyers, but excluding sales involving processing deals, barter and offset agreements, and any sales made by governments or state-owned companies to other state-owned companies or governments, unless such sales are accepted to be true commercial agreements.

### Article 3

#### **(Scope)**

This Law applies to all entities, whether Angolan or foreign, performing petroleum operations in Angolan territory, as well as in other territorial or international areas within the tax levying jurisdiction of the Republic of Angola, as recognized by international law or agreements.

### Article 4

#### **(Tax Charges)**

1. The tax charges applying to the entities referred to in Article 3 are the following:

- (a) (a) Petroleum Production Tax;
  - (b) (b) Petroleum Income Tax;
  - (c) (c) Petroleum Transaction Tax;
  - (d) (d) Surface Fee;
  - (e) (e) Levy for the training of Angolan personnel.
2. The tax charges referred to in paragraph 1 of this Article do not exempt the entities referred to in the preceding Article from other taxes or fees nor from duties and other customs charges which are due under the law as a result of carrying out acts which are supplemental or incidental to the activities provided for in Article 1 of this Law, unless they have been specifically exempted from them.

#### Article 5

#### **(Ring-fencing of Tax Charges and Obligations)**

1. In corporations, unincorporated joint ventures or any other type of business association, and in risk service contracts, the assessment of taxable income and the computation of tax charges for each petroleum concession shall be carried out on a completely independent basis, with the tax obligations pertaining to a given petroleum concession being entirely independent from the obligations pertaining to any other concessions.
2. In production sharing agreements, the assessment of taxable income and the tax computation for each development area shall be carried out on a completely independent basis, with the tax obligations pertaining to a given development area being entirely independent from the obligations pertaining to any other areas, except for the expenses provided for in Article 23, subparagraph 2 (b) to which the preceding paragraph shall apply.

### TITLE II

#### COMMON PROVISIONS

#### Article 6

#### **(Determination of the Price of Crude Oil and of Other Substances)**

1. For the purposes of assessing the taxable income relating to the tax charges referred to in this Law, excluding the Surface Fee, the crude oil produced shall be valued at the market price calculated on the basis of the actual FOB prices obtained through arm's length sales to third parties in accordance with the rules set forth in the following subparagraphs:
- (a) The State Concessionaire and each of its associates shall

- separately submit to the Ministry of Petroleum, at least 15 days prior to the beginning of each quarter, an informative report addressing their forecasts for world supply and consumption of petroleum, and their estimates of the market prices which can be obtained for the crude oil to be produced in their respective concession during the quarter in question;
- (b) Within 15 days following the end of each quarter, or by another subsequent date as may be determined by the Ministry of Petroleum, the State Concessionaire and each of its associates shall separately submit to said Ministry formal reports including the actual prices obtained in their respective arm's length sales to third parties, distinguishing between term sales and spot sales. Said reports shall provide a detailed account of sales volumes, buyers, prices received, credit terms and density adjustments. They shall also include the actual calculations of volumetrically weighted average prices on a comparable basis of density and terms of credit. The State Concessionaire and its associates may also provide any further market-related informative data they consider relevant to substantiate the veracity of the information provided;
- (c) The Ministry of Petroleum shall examine the data provided, as well as any other trustworthy data which reflect market conditions and which the Ministry considers may be useful in determining a suitable market price for the crude oil sold during the quarter in question. If necessary, the Ministry can meet separately with the State Concessionaire and each of its associates in order to discuss all relevant information which has been provided or which is otherwise available. The data provided, as well as any trustworthy additional data reflecting market conditions, if the latter exists, shall be the sole criteria used to determine market price;
- (d) The Ministry of Petroleum and the Ministry of Finance shall analyze the data referred to in the preceding subparagraphs and shall jointly determine the market price, which must be communicated to the State Concessionaire and its associates within 15 days following the presentation of the reports mentioned in subparagraph (b) above;
- (e) In the event that neither the State Concessionaire nor its associates have made arm's length sales to third parties during the quarter, the reports of the State Concessionaire and its associates shall be limited to the data relevant to market conditions. The aforementioned Ministries shall in this case determine the market price using the same method described in subparagraph (c) above;
- (f) In the event that the State Concessionaire or any of its associates considers that the market price determined under the terms of the preceding subparagraphs does not reflect relevant market conditions, they may individually or jointly, within 20 days of being notified of the determined market price, request a second separate meeting with the Ministries of Petroleum and Finance and submit any additional information which they may consider relevant to the matter in question. Within 10 days of having received the aforementioned additional



information, and having taken said data into consideration, the Ministries of Petroleum and Finance shall either revise the determined market price, or shall confirm the previously determined market price, providing a duly substantiated explanation;

- (g) Should the State Concessionaire or any of its associates consider that the price determined by way of the analysis provided for in the preceding subparagraph still does not reflect market conditions, the matter may be submitted to an independent expert, to be appointed within 15 days, under the terms of subparagraph (i) below;
- (h) The expert must prepare and submit a report on the market values for the quarter in question. This report shall include the determination of a fair market value for the crude oil produced in the area in question, and said determination shall be presented to the Ministries of Petroleum and Finance for forwarding to the State Concessionaire and its associates. Within 10 days of having received said report, the State Concessionaire and its associates shall meet jointly with the Ministries of Petroleum and Finance in order to discuss this new information with a view to agreeing upon a mutually acceptable price. In the event they are unable to reach such an agreement, the aforementioned ministries, taking into account the report of the independent expert, shall either proceed to revise the determined price, or confirm the previously determined price, providing a duly substantiated explanation;
- (i) The expert shall be an independent and impartial individual or entity, and be appointed by agreement between the State Concessionaire and its associates or, in the absence of such an agreement, shall be appointed within a period of 20 days by a qualified official of a specialized international institution, at the request of the State Concessionaire or any of its associates. The terms of reference provided to the expert shall be such as to require him to submit his report to the Ministries of Petroleum and Finance within 20 days of receiving the matter for consideration. The expert shall take into account all relevant information which may be provided to him by the State Concessionaire, by its associates, or by the Ministries of Petroleum and Finance, as well as information that he may reasonably request from the State Concessionaire or its associates, to be provided to him from their records, or which he may obtain from other available trustworthy sources. Any fees and expenses of the international institution or the expert shall be borne by whosoever submits the case to the latter.

2. In order to assess the taxable income on substances other than crude oil which are produced within the area of each concession, such substances shall be evaluated at their actual price of sale, unless the Ministries of Petroleum and Finance determine that the procedures set forth in the preceding paragraph are to be followed, in which case the special nature of such substances, as well as the particular conditions under which they are sold, shall be given due consideration.
3. The procedures provided for in the preceding paragraphs shall not suspend any obligations of the State Concessionaire and its associates to the State, and these obligations shall be fulfilled on the basis of the price determined under paragraph 1, subparagraph (d), of this Article. In the event that the market price

determined in accordance with said subparagraph is revised, the revision shall take effect retroactively for the entire quarter in question, and the obligations of the State Concessionaire and its associates shall be revised accordingly. If, as a consequence of such a decision, overpayments have been made, said payments shall be credited against the obligations of the State Concessionaire and its associates for subsequent quarters. Conversely, if underpayments have occurred, the shortfall must be made up for at the tax office which has computed the tax in question by the last day of the month following the month in which the revision of the market price was made.

4. All reports prepared under this Article, as well as the data and information contained therein, shall be treated as confidential and property of the State. With the exception of information of the public domain, the aforementioned reports may only be disclosed to third parties with the written consent of the Government.
5. Once the market price has been determined for the concession area or for each development area, if any, said price shall be uniformly applied to all petroleum produced therein during the quarter in question.

#### Article 7

##### **(Accounting Rules)**

1. The accounting system to be used by the State Concessionaire and its associates to record their operations and tax relevant acts must conform to the rules and methods of the General Accounting Plan.
2. The Minister of Finance has the power to issue rules so that the taxpayers subject to this Law may settle their asset and liability accounts, and profit and loss accounts — whenever these accounts are affected by a currency devaluation — using the standard petroleum industry reference currency as the benchmark.

#### Article 8

##### **(Mandatory Language and Currency)**

Tax returns and all attached documents must always be written in Portuguese, with amounts given in Angolan currency.

#### Article 9

##### **(Attestation of Signatures)**

Whenever taxpayers do not authenticate their tax returns with a stamp using oil-based ink, or with embossed company seal, they must have the authenticity of their signatures attested to.

## Article 10

### **(Fiscal Year)**

1. The fiscal year used by the taxpayers subject to this Law shall coincide with the calendar year, and accounts shall be closed at 31 December of each year.
2. Approval of the accounts referred to in the preceding paragraph shall take place by 31 March of the year following that to which such accounts refer, as set forth in Articles 294 and 396 of Law No. 1/04, of 13 February 2004, the Commercial Companies Law.

## Article 11

### **(Exemptions)**

1. The assignment of interests made by the entities subject to this Law shall be exempt from any taxes or charges of a tax nature, directly related to the implementation or to the transfer thereof, with the realized profits or capital gains, whether or not entered into the accounts, being included in the overall calculation of profits subject to taxation, as set forth in this Law.
2. No tax, fee, contribution of a tax nature, premium or charge shall be levied on the shares or any other securities representative of the capital stock of the taxpayers to whom this Law applies, nor on the transfer of profits outside of Angola, nor on the payment of dividends in any way related to said shares, debentures or securities representing capital stock.
3. Subject to legislative authorization by the National Assembly, the Government may also grant exemption from the tax charges provided herein, the reduction of rates thereof or any other alterations to the rules applying to said charges, for crude oil and natural gas (including its liquefaction and/or processing) projects when the economic conditions of their exploitation so justify.
4. On the basis of a duly justified application from the State Concessionaire, the Government may grant, subject to legislative authorization by the National Assembly, a reduction in the rate of, or exemption from, taxes or fees, as well as customs duties and other customs charges, payable by law, for acts that are supplemental or incidental to the activities referred to in Article 1 herein.

## **TITLE III**

### **TAX CHARGES**

#### **CHAPTER I**

#### **PETROLEUM PRODUCTION TAX**

Article 12

**(Scope)**

1. Petroleum Production Tax shall be levied on quantities of crude oil and natural gas measured at the wellhead and on the other substances mentioned in Article 1, deducted from the quantities consumed in natura by petroleum operations.
2. The deduction of the quantities consumed in natura by petroleum operations shall only be accepted upon favorable opinion from the State Concessionaire.
3. When, as a result of negligence or serious fault by the operator in carrying out petroleum operations, an operational accident or deficiency occurs, the quantities which technically could have been produced if such an accident or deficiency had not occurred, shall be considered as having been produced for the purposes of this tax.
4. Petroleum and other substances referred to in Article 1 produced under Production Sharing Agreements shall not be subject to Petroleum Production Tax provided for herein.

Article 13

**(Tax Return)**

1. Taxpayers subject to Petroleum Production Tax shall submit a tax return in quintuplicate, as per attached Form 1, to the relevant tax office.
2. The copies of the tax return referred to in the preceding paragraph, once verified and received by the relevant tax office, shall be distributed as follows:
  - (a) (a) 2 for the files of the relevant tax office;
  - (b) (b) 1 for the National Directorate of Taxes;
  - (c) (c) 1 for the Ministry of Petroleum;
  - (d) (d) 1 for the taxpayer.
3. Taxpayers shall submit the tax return referred to in this Article within the following time frames:
  - (a) In the case of provisional computation, as provided for in Article 59, paragraph 2;
  - (b) In the case of final computation, during the month of March each year.
4. If no petroleum or other substances - as described in Article 1 - are produced, the taxpayer shall be required to report such fact under the terms and within the time frames provided above.

## Article 14

### **(Rate)**

1. The Petroleum Production Tax is levied at a rate of 20%.
2. The rate referred to in the preceding paragraph may be reduced to as little as 10% in the following cases:
  - (a) (a) Petroleum exploitation in marginal fields;
  - (b) (b) Petroleum exploitation in offshore depths exceeding 750 meters;
  - (c) (c) Petroleum exploitation in onshore areas which the Government has previously defined as difficult-to-reach.
3. It is for the Government to decide, upon receiving a duly justified request from the State Concessionaire, whether to grant the reduction referred to in the preceding paragraph.

## Article 15

### **(Form of payment)**

The Petroleum Production Tax shall either be paid in kind or in cash, as per the State's option.

## Article 16

### **(Payment in cash)**

1. If the Petroleum Production Tax is paid in cash, the corresponding rate shall apply to:
  - (a) The value calculated under Article 6:
    - (a.1) Of the quantities of petroleum which are produced and measured at the wellhead using a method approved by the relevant departments;
    - (a.2) Of the quantities of petroleum which could have been produced, as referred to in Article 12, paragraph 3, calculated in accordance with the following formula:

$$P = (T / 3) - M:$$

Where:

P = quantities of petroleum which could have been produced;

T = total output of the three preceding months;

M = output of the month in which the accident or deficiency occurred.

- (b) quantities produced of substances other than petroleum referred to in Article 1 measured at the inspection point using a method approved by relevant departments, and valued at the price obtained upon being sold.
- 2. Payment of the Petroleum Production Tax in cash shall be made as per Article 59 herein.

Article 17

**(Payment in kind)**

- 1. If the State chooses to receive the Petroleum Production Tax in kind, with regard to petroleum, the requirement to deliver the corresponding revenue to the safes of the National Treasury of Angola shall be the responsibility of the State Concessionaire, which shall be in charge of receiving, giving the relevant receipt and administering those substances given as payment by the taxpayer.
- 2. The State Concessionaire is required to deliver to the safes of the National Treasury of Angola, by the deadline set forth in Article 59, paragraph 2, the revenue earned by selling petroleum. If no sales have been made, the State Concessionaire is required to communicate such fact, by the same deadline.
- 3. If the Petroleum Production Tax is paid in accordance with this Article, the State Concessionaire must file a tax return in accordance with the provisions of Article 13.
- 4. The State Concessionaire, in addition to being subject to the inspections provided for in the regulations of the Ministry of Finance pertaining to Petroleum Production Tax, is required to present yearly accounts to the Audit Court for the receipt of those items referred to in paragraph 1 of this Article.
- 5. If the receipt in kind involves those substances referred to in Article 1 herein and which are other than petroleum, the State must determine the entity to which such substances are to be delivered, and said entity must carry out the other procedures set forth in this Article.
- 6. The relevant tax office, on submittal by the taxpayer of the receipt subscribed by the State Concessionaire, referred to in paragraph 1, or by the entity appointed by the Government under paragraph 5, shall issue the taxpayer with a certificate evidencing that it has fulfilled its tax obligation.

## **CHAPTER II**

### **PETROLEUM INCOME TAX**

#### **Section I**

##### **Scope**

##### Article 18

##### **(Scope)**

1. The Petroleum Income Tax is levied on the taxable income assessed as set forth in this Law, generated by any of the following activities:
  - (a) (a) Exploration, development, production, storage, sales, exportation, treatment and transportation of petroleum;
  - (b) (b) Wholesale trading of any other products resulting from the operations referred to in subparagraph (a);
  - (c) (c) Other activities of the entities primarily engaged in carrying out the operations referred to in subparagraph (a), resulting from occasional or merely incidental actions, provided that such activities do not take the form of an industry or business.
2. The tax referred to in this Chapter does not apply to the receipts of the State Concessionaire, premiums, bonuses and the price cap excess fee received by the State Concessionaire under the terms contractually agreed upon.

#### **Section II**

##### **Assessment of Taxable Income**

##### Article 19

##### **(Taxable Income)**

1. Taxable income shall be the profit assessed at the end of each fiscal year, consistent with accounting principles, subject to adjustment under this Law, and shall consist of one of the following methods:
  - (a) In each petroleum concession, with regard to business corporations, unincorporated joint ventures or any other form of association and risk service agreements, taxable income shall be the result of the difference between all revenues or earnings obtained, and the expenses or losses attributable to the same fiscal year, respectively determined under Articles 20, 21, 22 and Article 23, paragraph 1, of this Law;

- (b) In each development area, with regard to production sharing agreements, taxable income shall be the profit petroleum resulting from the deduction — from the total amount of petroleum produced — of the cost recovery petroleum and of the receipts of the State Concessionaire, in accordance with the provisions of the relevant production sharing agreement, and in compliance with the rules stated in Articles 20, 21, 22 and Article 23, paragraph 2, of this Law.
- 2. Unless otherwise provided for herein, revenues or earnings and costs or losses common to more than one development area in the case of production sharing agreements and more than one petroleum concession in the case of corporations, unincorporated joint ventures or any other forms of association, and for risk service contracts, shall be shared, respectively, between such development areas and petroleum concessions in proportion to the annual production of each development area and petroleum concession, respectively, or by any other method accepted by the tax authorities.
- 3. The fiscal year referred to in this Article corresponds to the calendar year stated in Article 10 of this Law.

#### Article 20

#### **(Revenues or Earnings)**

- 1. Revenues or earnings for the fiscal year shall be deemed to be those resulting from any transactions or operations performed as a result of an action which is either normal or occasional, basic or merely incidental, namely resulting from:
  - (a) the basic activity, such as revenues or earnings resulting from the sale of petroleum, other substances referred to in Article 1, goods and services, from allocating products in kind, including as taxes, as well as bonuses and discounts obtained, commissions and brokerage fees;
  - (b) supplementary or incidental activities, including social and welfare activities;
  - (c) income from goods or securities kept as reserves or for enjoyment, including rents;
  - (d) operations of a financial nature, such as interest, dividends, corporate profit, discounts, premiums, transfers, exchange rate fluctuations, and premiums on bond issues;
  - (e) remuneration relating to offices held in other companies;
  - (f) income from intellectual property or similar forms of property;
  - (g) the provision of administrative, commercial, technical and research services.
- 2. The following shall also qualify as revenues or earnings:
  - (a) the value of buildings, equipment or other capital goods produced and used in the company itself insofar as their corresponding charges are considered to be costs for the fiscal year;
  - (b) indemnification which in any way, represents compensation for



revenues or earnings which have ceased to be obtained, as well as realized capital gains, whether or not entered into the accounts, and profit from assignment of interests, and any positive variations in asset worth which are not reflected in the accounting profits;

- (c) deferred revenues related to goodwill between the acquisition value and the value of recoverable costs plus the net value of the remaining assets. This revenue shall be taxed to the extent of, and in exact proportion to, the recovery of the costs related thereto.
3. Under this Article, the following are also considered to be revenues for tax purposes:
- (a) (a) gross revenue from any indemnification paid by insurers;
  - (b) (b) any adjustments or discounts made by manufacturers, suppliers or their agents, received by taxpayers and their affiliates, for defective material, the cost of which has previously been considered as a tax cost under Article 21;
  - (c) (c) revenue received from third parties for the use of goods and assets acquired by taxpayers for exclusive use in petroleum operations;
  - (d) (d) rents, reimbursements and other credits, as well as indemnification resulting from any court ruling or arbitration award, which are received by taxpayers.

#### Article 21

#### **(Deductible Costs and Losses)**

1. Costs or losses which may be deducted for the fiscal year shall be deemed those which, within the limits considered reasonable by the Ministry of Finance, taking into account standard practice of the international petroleum industry and applicable Angolan legislation, had necessarily to be incurred in order to obtain the revenues or earnings subject to tax and to maintain the source of production, including, namely, the following:
- (a) Charges from basic, incidental or supplementary activities, and which relate to the production or acquisition of any goods or services, such as:
    - (i) personnel expenses, including:
      - (I) the total amount of salaries and wages, including gratifications and bonuses for taxpayers' employees who are directly engaged in petroleum operations, provided that this is evidenced by job allocation sheets which shall record the time spent by personnel on petroleum operations, whether full- or part-time, and broken down by project;
      - (II) expenses involving vacations, public holidays, overtime, and sickness and disability payments, and which are applicable to

salaries and wages which may be chargeable under the preceding number;

- (III) contributions and other charges of a social nature which are applicable to salaries and wages chargeable under number (i) above, which under applicable law are owed by the entities subject to this tax;
  - (IV) expenditure on welfare schemes benefiting the taxpayer's employees, provided such schemes are approved by the Ministry of Petroleum;
  - (V) expenses incurred by the taxpayers for training programs for Angolan personnel engaged in petroleum operations, and for other training projects, provided that they are approved by the Ministry of Petroleum;
  - (VI) expenses relating to established plans for life assurance, medical assistance, pensions, and other related employee privileges or benefits, provided that they are granted to the taxpayers' employees in general, under their internal policies approved by the Ministry of Petroleum and the applicable Angolan legislation;
  - (VII) reasonable travel, accommodation and living expenses and personal expenses of employees including those which are incurred as a result of travel by and relocation of non-resident employees who are assigned to petroleum operations carried out by taxpayers within the Republic of Angola, provided that such expenses are in keeping with standard practice in the international petroleum industry and in accordance with applicable Angolan legislation;
  - (VIII) travel expenses for employees' families which taxpayers pay for in accordance with their internal personnel transportation policies and practices, which must be in keeping with standard practice in the international petroleum industry and in accordance with applicable Angolan legislation;
  - (IX) travel expenses which are directly incurred by the return of non-resident employees and their families to their countries of origin.
- (ii) The costs of material, in accordance with the following rules:
- (i) new or used material acquired for use in petroleum operations, valued at the invoice price minus all commercial discounts and rebates, expenses incurred for insurance, freight and handling between the point of supply and the point of delivery, and customs duties, taxes, fees and other impositions which are applicable to imported goods.

§ 1 – The value of material acquired from third parties shall not exceed prevailing prices on the open market for impartial transactions, devoid of favoritism, involving timely available material of the same quality, and taking into account freight and other related costs.

§ 2 - The value of material acquired from affiliates of the State Concessionaire or of taxpayers must be the lower of the price paid by said affiliates, or the prevailing price on the open market for comparable material obtained through impartial transactions devoid of favoritism.

- (ii) new or used material for use in petroleum operations shall only be considered tax costs to the extent that they are consistent with prudent, efficient and economical operations, that they are reasonably necessary in the foreseeable future, and provided that surplus stocks are avoided.

(III) Charges for services, including:

- (i) contracts with third parties, meaning the actual cost of technical service contracts and other contracts entered into within the scope of petroleum operations between taxpayers and third parties other than affiliates of the taxpayers or of the State Concessionaire, provided that the prices paid by the taxpayers are competitive with those which generally prevail on the international or local marketplace for similar work and services;
- (ii) technical and administrative assistance services which are within the scope of petroleum operations, and which are provided by an affiliate of the State Concessionaire or of a taxpayer under the terms set forth in the relevant contract;
- (iii) other services provided by taxpayers or their affiliates, provided that the prices paid are no higher than the most favorable prices charged by third parties for similar services.

(IV) Transportation expenses for material and supplies required to carry out petroleum operations.

- (b) charges of an administrative nature involving general and administrative expenses incurred in Angola by taxpayers, acting as operators, pertaining to the maintenance of their offices, support installations for petroleum operations and housing connected with these operations;
- (c) depreciation and amortization of costs under Article 23;
- (d) rents paid to third parties in exchange for the occupation of real property required to carry out petroleum operations;

- (e) costs of petroleum operations risk management services contracted under Decree No. 39/01, of 22 June 2001, its regulations and the applicable Angolan legislation. These costs include all expenditures on financing risks, funding pension funds and abandonment funds.

§ 1 – Only the part of costs or losses incurred as a consequence of accidents or damages occurring during petroleum operations, and not covered by insurance contracts entered into as indicated, shall be tax deductible.

§ 2 – Should the risk management activities not be implemented as per the above-mentioned terms, all costs borne to pay for any losses, claims, damages or awards, as well as any expenses, including legal services, shall not be considered tax costs.

- (f) (f) expenses arising from litigation, legal services and other related services which are required or appropriate for obtaining, maintaining and protecting the concession area, as well as legal services and other related services for prosecuting or defending oneself against lawsuits or claims relating to the petroleum operations;

Sole § – Where the legal services relating to the matters referred to in subparagraph (f) are provided by in-house or regularly retained attorneys of an affiliate of the taxpayer, the corresponding costs shall fall within the sphere of technical and administrative assistance as indicated in paragraph 1, subparagraph (a), (III), (ii) of this Article;

- (g) losses or damage sustained during the fiscal year which may not have been covered or compensated by insurance or in any other way, provided that they are not the result of serious fault, gross negligence or willful misconduct on the part of the taxpayer or anyone acting on its behalf;
- (h) environmental clean-up and restoration expenses provided that they are not the result of serious fault, gross negligence or willful misconduct on the part of the taxpayer or anyone acting on its behalf, and are incurred in accordance with legislation in force;
- (i) all taxes, levies, charges, fees or any other liabilities of a tax nature relating to petroleum operations which the taxpayer owes and pays, with the exception of Petroleum Income Tax;
- (j) losses resulting from indemnity claims against the taxpayer, notably destruction of or changes to inventory which occur during the fiscal year, and which result from random events involving uninsurable risk which are not the result of serious fault, gross negligence or willful misconduct on the part of the taxpayer or anyone acting on its behalf;
- (k) uncollectible debts resulting from the normal activity of the taxpayer, provided that they are recognized as such by a court having jurisdiction.

2. Interest and other charges pertaining to loans and finance which have been actually paid, which are allocated for petroleum production and development operations, and which have been obtained from banks or credit institutions within Angolan territory may also, with prior authorization from the Ministers of Finance and Petroleum, be considered as tax costs.
3. With the exception of that which is provided for in Article 22, the following may also be considered as tax costs under terms to be regulated by the Ministries of Finance and Petroleum:
  - (a) donations for social, educational, cultural and scientific purposes;
  - (b) expenses related to social events promoted by the taxpayer;
  - (c) expenses incurred prior to the date of signature of the contract entered into between the State Concessionaire and its associates;
  - (d) promotional and advertising expenses;
  - (e) costs resulting from contracts for the supply of material and equipment or the provision of services which are entered into by the operator over and above the limits of its delegated authority under the relevant contract, and which have not received prior authorization from the State Concessionaire;
  - (f) costs resulting from the implicit renewal of the contracts referred to in the preceding subparagraph without prior authorization from the State Concessionaire;
  - (g) expenses for demurrage of oil tankers;
  - (h) general and administrative expenses of non-operator taxpayers, for the setting up and operating of their offices in Angola;
  - (i) the taxpayer's own costs or expenses, which are incurred outside of Angola.
4. The reductions or deductions to which this Article refers, which involve annual charges, shall be taken only in the year to which the accounts refer.

Sole § – Reductions or deductions which are allowed for the calculation of cost recovery petroleum shall be excluded from this rule in the event that, due to the limit set forth in the relevant production sharing agreement, said costs cannot be wholly recovered during the year in which they occurred.

5. Tax deductions which constitute a duplication of other deductions already addressed in the preceding subparagraphs of this Article shall in no event be permitted.

## Article 22

### **(Non-deductible costs or losses)**

1. The following costs or losses shall not be considered deductible:
  - (a) expenses incurred due to serious fault, gross negligence or willful misconduct on the part of the taxpayer or anyone acting on its behalf;
  - (b) commissions paid to intermediaries;
  - (c) expenses for marketing or transporting petroleum beyond the point of

- delivery;
- (d) expenses for any guarantee which is provided under the contract entered into with the State Concessionaire;
- (e) indemnification, fines or penalties for breach of legal or contractual obligations;
- (f) expenses incurred in arbitration procedures, unless undertaken in order to defend petroleum operations;
- (g) expenses for the independent expert who may be consulted to determine the price of petroleum;
- (h) Petroleum Income Tax;
- (i) offers or donations, except for those made to the State or to other entities, provided that they pursue the aims referred to in Article 21, paragraph 3, subparagraph (a) herein;
- (j) interest and other charges pertaining to loans and finance with the exception of those entered into under the conditions referred to in paragraph 2 of the preceding Article;
- (k) expenses incurred for legal services, except for those specifically provided for in Article 21, paragraph 1, subparagraph (f);
- (l) costs and losses which result from failure to implement risk management activities as per Decree No. 39/01, of 22 June 2001, the regulations thereof and the applicable Angolan legislation;
- (m) expenses for training expatriate personnel and for training programs which do not comply with the terms required by applicable legislation;
- (n) costs and losses resulting from the inadequate observance of warranty conditions, as well as those resulting from the acquisition of material which are not guaranteed against defective workmanship by the suppliers, manufacturers or agents, in accordance with generally accepted practices within the petroleum industry;
- (o) costs and losses resulting from the depreciation of materials which are not used in petroleum operations;
- (p) general and administrative expenses incurred outside of Angola which do not fall within the sphere of technical and administrative assistance as referred to in Article 21, paragraph 1, subparagraph (a), (III), (ii);
- (q) any taxes and contributions owed by employees, whether or not they are residents of Angola;
- (r) travel and other expenses incurred for moving employees beyond their country of origin, or for their use in other operations outside of Angola;
- (s) payments to the State or the State Concessionaire in return for the awarding of the status of associate of the State Concessionaire.

2. The following costs or losses shall also be considered non-deductible:

- (a) (a) amounts entered into the accounts as funds, provisions or reserves, unless any such funds, provisions or reserves have been authorized by the Government;
- (b) (b) amortization and depreciation which exceed the limits set forth in Article 23;
- (c) (c) debts considered uncollectable, if no final judgment has been passed whereby the insolvency or bankruptcy of the corresponding debtors has been declared;

- (d) (d) Customs duties and other customs charges on imports owed for sold items, and which were exempt on their importation;
- (e) (e) personal income tax and other income taxes levied on any type of remuneration paid to administrators, directors, managers, members of the statutory audit board, employees and others serving the taxpayer, if such taxpayer pays said taxes in their stead;
- (f) (f) the costs of legal expenses incurred in arbitration proceedings involving any dispute between the State Concessionaire and its associates;
- (g) (g) costs resulting from damage caused by serious fault, gross negligence or willful misconduct on the part of the taxpayer or anyone acting on its behalf;
- (h) (h) indemnification paid to the State Concessionaire as liquidated damages;
- (i) (i) interest paid to shareholders, even for a loan to the company;
- (j) (j) any part of bonuses, gifts, privileges, wages or fees granted to shareholders or stockholders of the taxpayer which is greater than the highest remuneration granted to employees who are not shareholders or stockholders;
- (k) (k) personal expenses of the taxpayer's shareholders or stockholders;
- (l) (l) entertainment expenses, even when entered into the accounts under a different heading and duly documented, to the extent that the tax administration judges them to be excessive.

## Article 23

### (Assessment of Tax Costs)

1. Assessment of tax costs in order to determine the taxable income of corporations, unincorporated joint ventures or any other type of association, as well as risk service contracts, shall be undertaken in accordance with the following rules:
  - (a) The following costs shall be amortized or depreciated at a uniform rate of 16.666% as of the beginning of the year in which they were incurred, or the year in which petroleum is first commercially produced, whichever occurs later:
    - (i) costs incurred for exploration operations, including the cost of drilling dry or productive wells, of crude oil or natural gas, and the cost of services provided by third parties;
    - (ii) costs incurred for the drilling of development wells, including those for services provided by third parties;
    - (iii) costs incurred for production, transportation and storage facilities and facilities used in support of said activities, including services provided by third parties.

§ 1 – The value of the movable and immovable property for which the amount of deductions for wear and tear or obsolescence is calculated, and the amount of deductions for destroyed immovable property which is not covered by insurance, shall be their original cost, plus the amount of subsequent acquisitions of the same

nature, including major repairs, but minus losses, damage or destruction sustained, as well as wear and tear, depreciation and obsolescence previously accepted and taken into consideration in previous years.

§ 2 – If at any time the State Concessionaire assumes ownership free of charge of any assets which were jointly owned with its associates and which are not fully amortized, it shall continue with the amortization of said assets, but only in proportion to its previous participation in the ownership of same and in relation to the non-amortized value as of the date of acquisition.

- (iv) charges borne by the associates of the State Concessionaire with the assignment of participating interests, in relation to the difference between the acquisition price and the value of the capitalized costs plus the net value of the remaining assets (goodwill), provided that the assignor has been taxed for such difference.
  - (b) charges borne in the period prior to the year in which production begins shall accrue to, and shall be capitalized in, said year, and depreciated at a flat rate of 25% per year over a 4-year period as from 1 January of said year.
  - (c) when, upon closing the accounts for each year, it is shown that the total of all expenditures and expenses which, under this Article, are allowed to be deducted when assessing the net taxable income for the year, exceeds the gross annual income generated by way of the operations mentioned in Article 20, said excess amount shall be carried forward to subsequent years and considered in each year as an additional deduction when assessing the net taxable income. Any such additional deduction must be taken into account during the first subsequent fiscal year, inasmuch as this is possible. However, if this is not possible during said year, it must occur during the following or subsequent fiscal year, but for no more than five years. Moreover, said deduction may only be taken upon verification, by way of the accounting system used, that such amounts have not already been deducted in some other way.
- 2. The assessment of tax costs, for the purpose of assessing taxable income involving production sharing agreements, shall be undertaken in accordance with the following rules:
  - a. lifting and the right to freely dispose of cost recovery petroleum is limited each year to a maximum percentage of the total amount of petroleum produced and saved in each development area, as set forth in the corresponding production sharing agreement;
  - b. exploration expenses shall be recoverable from the unused balance of cost recovery petroleum within each development area after recovery of expenses for production, development, and administration and services, subject to the maximum amount of cost recovery petroleum indicated in the preceding subparagraph. Each year, such exploration expenses shall be recoverable first from any balance of cost recovery



petroleum from the development area in which the most recent commercial discovery has occurred. Any remaining exploration expenses shall be recovered from the development areas in which the next most recent commercial discoveries have occurred. Exploration expenses shall not be entered into the accounts as fixed assets, and therefore shall not be amortized;

- c. development expenses shall be entered into the accounts in the following manner:
  - (i) development expenses in each development area shall only be recovered using cost recovery petroleum produced in the same area. These expenses shall be entered into the accounts as fixed assets and, once the investment allowance set forth in the relevant production sharing agreement has been added, shall be amortized at an annual rate of 25%, beginning with the year in which they are incurred or the year in which the exportation of petroleum from the development area commences, whichever occurs later;
  - (ii) with regard to development expenses involving the construction or execution of specific work or projects which take longer than one year, the amortization of such costs shall only begin during the year of completion, at which time they shall be classified as fixed assets;
  - (iii) development expenses which are common to more than one development area shall be shared among said development areas in proportion to the annual output of each development area, following the allocation of expenses for administration and services as set forth in subparagraph (e) of this Article;
  
- d. production expenses shall be entered into the accounts in the following manner:
  - (i) production expenses in each development area shall only be recoverable using cost recovery petroleum produced in the same development area and shall be entered into the accounts as expenses for the year;
  - (ii) production expenses common to more than one development area shall be shared among the various development areas in proportion to the annual output of each development area, once the corresponding allocation of expenses for administration and services has been made under subparagraph (e) of this Article;
  - (iii) production expenses may also include a provision for abandonment costs, the limits of which shall be calculated and entered into the accounts in accordance with the rules set forth in the agreements entered into between the State Concessionaire and its associates;
  
- (e) Administration and service expenses shall be entered into the accounts in the following manner:
  - (i) in the case of those administration and service expenses pertaining to the construction or acquisition of facilities or any tangible assets for the general logistical and administrative support of exploration, development and production activities, those expenses which may

- be capitalized due to their specific nature, high value or prolonged extinguishment shall be entered into the accounts as fixed assets;
  - (ii) the expenses referred to in the preceding paragraph shall be amortized at an annual rate of 25%, beginning with the year in which they are incurred or the year in which the exportation of petroleum from the concession area commences, whichever occurs later;
  - (iii) with regard to administration and service expenses involving the construction or execution of specific work or projects which take more than one year, the amortization of such expenses shall only begin during the year of completion, at which time they shall be classified as fixed assets;
  - (iv) administration and service expenses which cannot be entered into the accounts as fixed assets due to their value, intangibility, or rapid extinguishment through consumption, shall be entered into the accounts as expenses for the year;
  - (v) for the purposes of assessing deductible tax costs in order to determine taxable income, administration and service expenses shall be allocated each year to the expenses for exploration, development and production, as follows:
  - (vi) the annual amount of amortization of administration and service expenses classified as fixed assets under this paragraph shall be allocated to expenses for exploration, development and production, in proportion to the annual direct expenses incurred for each of these activities;
  - (vii) the amount of administration and service expenses entered into the accounts as expenses for the year, as per item (iv) of this subparagraph, shall be allocated to expenses for exploration, development and production using the method indicated in the preceding paragraph;
  - (viii) the administration and service expenses allocated under the terms of the preceding paragraphs shall be considered an indirect expense of exploration, development and production activities;
  - (ix) for the purpose of tax deducting development expenses, the allocation of the amortization of those administration and service expenses which are entered into the accounts as fixed assets shall be added to direct development expenses, and the total shall be multiplied by the investment allowance referred to in subparagraph 2 (c) (i) of this Article.
- (f) the material which the taxpayer acquires in order to carry out its work program and budget for each year, and which are not immediately used in petroleum operations in the corresponding concession area, shall be entered into the accounts under the heading of stock, and shall only be allocated to exploration, development, production, and administration and service activities in proportion to the extent of their actual utilization or consumption in petroleum operations;
- (g) material classified by the taxpayer as strategic spare parts, constituting a safety provision guaranteeing the proper running of petroleum operations, shall be allocated to exploration, development, production, and administration and service expenses in accordance with the terms set forth

- in the relevant production sharing agreement;
- (h) charges borne by the associates of the State Concessionaire with the assignment of participating interests, in relation to the difference between the acquisition price and the value of recoverable costs plus the net value of the remaining assets (goodwill) shall be deemed development expenses and accounted for as such, provided that the assignor has been taxed for such difference; however, such expenses shall not qualify for any investment allowance set forth in the corresponding production sharing agreement;
  - (i) in the event that the maximum amount of cost recovery petroleum for a given year is insufficient to enable the complete deduction of the recoverable costs for the year in question, as per the corresponding production sharing agreement, then the unrecovered part of the costs pertaining to said year shall be carried forward to the following years;
  - (j) if the amount of crude oil for the recovery of expenses incurred in a given concession is revealed to be insufficient, said expenses shall remain unrecovered;
  - (k) if at any time the State Concessionaire assumes ownership free of charge of any assets which were jointly owned with its associates and which are not fully amortized, it shall continue with the amortization of said assets, but only in proportion to its previous participation in the ownership of same and in relation to the non-amortized value as of the date of acquisition.

#### Article 24

##### **(Books)**

1. Taxpayers subject to this Law are required to keep their accounting records as per commercial law and applicable accounting legislation.
2. Entries into the above accounting records are not allowed to be delayed for longer than ninety days.
3. Taxpayers may be exempted from the obligation to keep the books required under this Article, provided that they submit adequate accounting documents, dated and signed by two responsible individuals, to the relevant tax office for authentication.
4. Authenticated accounting documents, as per the preceding paragraph, shall be archived by the taxpayers and shall have the same worth as the books they replace for the purposes set forth in this Law.
5. If the authentication of accounting documents is the accepted procedure used, then there shall be no need to pay stamp duty.
6. The taxpayer must organize and maintain its records so that taxable income may be clearly assessed and monitored in strict observance of the provisions of this Law.
7. The Minister of Finance, by way of executive decree, may make it obligatory to

keep certain books, documents or other accounting items, as well as to observe certain standards in the way they are arranged.

Article 25

**(Centralization of Bookkeeping)**

Taxpayers shall be required to centralize accounting at their head offices or actual management in Angola for all operations carried out by their head offices, subsidiaries, branches, or divisions, while always observing the principle of ring-fencing tax charges and obligations set forth in Article 5 of this Law.

Article 26

**(Tax Return)**

1. For the purposes of assessing the taxable income for Petroleum Income Tax, taxpayers shall be required to file a tax return in sixuplicate with the relevant tax office as per the attached Forms 1, 2, 3, 4 and 5, within the deadlines set forth herein, for the computation of the tax charges provided for in this Law, except for the Levy for the Training of Angolan Personnel.
  - (a) in the case of final computation, during the month of March each year;
  - (b) in the case of provisional computation, as provided for in Article 59, paragraph 2.
2. The copies of the tax return referred to in the preceding paragraph, once verified and received by the relevant tax office, shall be distributed as follows:
  - (a) 2 for the files of the relevant tax office;
  - (b) 1 for the National Directorate for Taxes;
  - (c) 1 for the Ministry of Petroleum;
  - (d) 1 for the State Concessionaire;
  - (e) 1 for the taxpayer.
3. The tax return referred to in the preceding paragraph must be signed by the taxpayer and by the corresponding accountant, registered with the Accountants' and Accounting Experts Society, both of whom shall initial any supporting documentation, and such return shall be authenticated with the taxpayer's stamp or embossed seal.
4. Any tax return which is not signed or initialed as stated above shall be rejected, without prejudice to any sanctions established for failure to file such return.
5. In the event that the tax return and its supporting documentation are deemed to be insufficiently clear, the relevant tax office shall notify the taxpayer to provide

any necessary clarification in writing by a set deadline of a maximum of 15 days as from the date of notification.

## Article 27

### (Attachments to the Tax Return)

1. The tax return referred to in the preceding Article shall be accompanied by the following documents:
  - (a) financial statements prepared pursuant to the General Accounting Plan, duly audited by an accounting expert, registered with the Accounting Experts Society;
  - (b) the list of permanent representatives, directors, managers, and members of the statutory audit board;
  - (c) a copy of the minutes of the general shareholders' assembly or meeting approving the annual accounts or, if approval needs to be granted differently, a document proving such approval;
  - (d) trial balances for the general ledger, before and after correction and adjustment entries have been made and the annual income has been assessed;
  - (e) an up-to-date, itemized list of movable and immovable property, indicating the initial cost thereof, any subsequent cost increases, and devaluation due to wear and tear, depreciation and obsolescence already taken into account in preceding years, as well as for the year addressed by the tax return, all of which shall be clearly distinguished;
  - (f) a report, broken down by product, of each and every export and domestic sale during the year addressed by the tax return, including columns for the following:
    - (i) the date the sale was entered into the books;
    - (ii) the month during which the sale occurred;
    - (iii) the monthly amount of the product which was sold (in the metric decimal system);
    - (iv) the unit price of the sale (in Angolan currency and US dollars, and expressed in decimal numbers);
    - (v) the amount of the sale (in Angolan currency and US dollars);
    - (vi) an itemized list of amounts and their designation, considered to be expenses in the taxpayer's accounts, but which, in accordance with Article 22, were not deducted from the gross revenue stated in the tax return which was filed;
  - (g) a technical report, based on detailed tables, which must succinctly relate the following:
    - (i) The depreciation and amortization which have been entered into the accounts, indicating the method used, the rate applied, and the initial and current values of the various items to which they apply;
    - (ii) The changes in every category of stock and the criteria used to measure their value;
    - (iii) Constituted provisions and any changes occurring in them;

- (iv) Confirmed bad debts;
  - (v) Capital gains realized or entered into the accounts and the profit generated by the assignment of interests;
  - (vi) General administration overheads, with particular reference made to any type of remuneration paid to management bodies, as well as any entertainment expenses incurred during the fiscal year;
  - (vii) Changes in the criteria used to allocate costs or revenues to the different activities or establishments of the taxpayer;
  - (viii) The remaining expenditures incurred by the taxpayer for petroleum operations, as well as for its overall operations, especially liabilities incurred outside of Angola;
  - (ix) Other items deemed relevant to the fair determination of the taxable income and to the clarification of the balance sheet and the profit and loss account for the fiscal year, especially if the latter does not include the accounts required for a proper analysis of revenues or earnings, and costs or losses.
2. In the event that the accounts are not approved, the taxpayer may submit a request to the head of the relevant tax office for an extension of no more than 30 days to remedy such situation, indicating why the approval was not granted. If account approval is handled through the courts, the taxpayer shall attach a document evidencing this fact.

#### Article 28

##### **(Assessment of Taxable Income)**

1. The assessment of taxable income for the purposes of Petroleum Income Tax shall be made by the Assessment Committee referred to in the following Article on the basis of the taxpayer's return and accompanying documentation.
2. The Assessment Committee referred to in the preceding paragraph shall be formed within the relevant tax office.

#### Article 29

##### **(Assessment Committee)**

Taxable income for Petroleum Income Tax shall be mandatorily assessed by 30 June of the second year following the fiscal year in question. This shall be done by an Assessment Committee consisting of the following:

- (a) the head of the relevant tax office, who shall preside and have the casting vote;
- (b) a senior accounting inspector, who shall be the delegate of the Minister of Finance, and be designated by the Minister of Finance on the nomination of the National Inspector of Finance;
- (c) a representative of the taxpayer, who shall be the delegate thereof, and whom such taxpayer shall nominate upon filing its tax return.

## Article 30

### **(Authority of the Assessment Committee)**

1. When performing its functions and analyzing the tax returns and documents filed by the taxpayer, the Assessment Committee, on the basis of an auditing report on the tax returns, shall assess the taxpayer's taxable income, and shall verify, among other aspects, the following:
  - (a) with regard to gross annual income:
    - (i) whether the reported gross annual income from export sales is based on the market price calculated under this Law. In the event that the income reported is based on prices lower than the market price, the Assessment Committee shall rectify said income, bringing it into line with the income that would have resulted had the aforementioned market price been used;
    - (ii) whether the gross annual income from domestic sales exceeds the maximum allowed 10% deviation between the value of the substances on the domestic market, in terms of current bulk prices, and the value entered into the taxpayer's accounts. The Committee shall take into account the current bulk prices for the substances on the domestic market, their quantity and quality, the duration of the sales contract and other related conditions, and accordingly make any adjustments to the taxpayer's tax return.
  - (b) with regard to deductions from gross annual income, the Committee shall verify whether the deductions made from the gross annual income are strictly in line with the provisions of Articles 22 and 23, and cancel any deductions made by the taxpayer which, for the purposes of assessing the taxable income, are not legally acceptable.
2. Once the operations referred to in the preceding paragraph have been carried out, and the amounts reported by the taxpayer have been adjusted, the Assessment Committee shall assess the net taxable income subject to tax.

## Article 31

### **(Functions of the Chairman of the Assessment Committee)**

1. The head of the relevant tax office, in his capacity as chairman of the Assessment Committee, shall convene its meetings and shall oversee its work.
2. Minutes shall be taken at all meetings, in an appropriate book, by an official to be designated by the relevant tax office.

Article 32

**(Resolutions of the Assessment Committee)**

1. The resolutions of the Assessment Committee shall be passed by way of a majority vote.
2. The members shall always be given at least 20 days' notice in writing to attend meetings, indicating the day and time of said meetings.
3. If any of the members is absent at the indicated time, the meeting shall be adjourned for an hour later. In the event that the meeting takes place in the absence of the member, the resolutions taken may not be challenged due to such absence.

Article 33

**(Notification of the Resolutions of the Assessment Committee)**

The head of the relevant tax office shall notify the taxpayer of its taxable income assessment within 15 days of the conclusion of the Assessment Committee's work.

Article 34

**(Reviewing Committee)**

1. The taxpayer has 30 days, from the date of receipt of the notice of the Committee's resolution regarding its assessed taxable income, referred to in the preceding Article, to file a petition with a Reviewing Committee.
2. The Reviewing Committee shall consist of the following:
  - (a) The National Director for Taxes, who shall preside and shall have the casting vote;
  - (b) A representative of the Ministry of Petroleum, acting as its delegate;
  - (c) Two representatives of the taxpayer, acting as its delegates, to be indicated by it in its petition.
3. The Reviewing Committee shall meet at the National Directorate for Taxes and shall be assisted by an official, designated by the National Director for Taxes, who shall fulfill the duties of secretary and who shall be responsible for taking minutes and prepare all the documentation for the business of the committee, which shall be considered confidential.

Article 35



### **(Filing Petition)**

1. The petition must be filed with the tax office where the relevant Assessment Committee's resolution was reached and said office shall forward it on a confidential basis, within eight days, to the National Director for Taxes, accompanied by all data pertaining to the assessment.
2. The petition and all supporting documentation are subject to Stamp Duty and shall be signed by the petitioner himself.

### Article 36

#### **(Convening the Reviewing Committee)**

1. Once the petition has been received, the chairman of the Reviewing Committee shall set the date and time for a meeting and shall provide the members with all necessary communications by means of an official letter.
2. Article 32, paragraphs 2 and 3, shall apply to the Reviewing Committee.

### Article 37

#### **(Authority of the Reviewing Committee)**

1. The Reviewing Committee has the authority to review and make decisions regarding challenged facts, to correct or confirm them, and to rule decisively on the taxable income of the petitioner.
2. The resolutions of the Reviewing Committee shall comply with the provisions of Article 32, paragraph 1.

### Article 38

#### **(Decision-making period of the Reviewing Committee)**

Petitions filed with the Reviewing Committee shall be ruled upon thereby no later than 31 December of the second year following the fiscal year to which such petitions refer.

### Article 39

#### **(Notification of the Resolutions of the Reviewing Committee)**

1. The National Director for Taxes shall notify the taxpayer of the ruling issued within 10 days of the date the resolution was adopted.
2. In order to cover administrative costs, the taxpayer shall pay up to 5 % of the

challenged value in the event that its request for review is completely dismissed.

Article 40

**(Court Appeal)**

1. No petition or appeal may be filed with regard to the amount of the taxable income assessed by the Reviewing Committee referred to in the preceding Articles. However, in the event of failure to comply with legal formalities, or errors in the interpretation of legal provisions resulting in harm to the State or to the taxpayer, the Public Prosecutor's Office or the taxpayer may appeal to the relevant court within thirty days. If such appeal is granted, said court shall be able to order a repeat of the assessment process, but without changing the amount which was determined.
2. The time allowed for filing such an appeal shall be counted as of the date of notification referred to in Article 39.
3. The complete dismissal of said appeal by the court shall cause the appellant to be liable for the payment of court costs amounting to the equivalent of 5 percent of the disputed amount, without prejudice to any other legal costs which may be owed under the Law.
4. Court appeals do not suspend the tax liabilities of the taxpayer.
5. If a new assessment is made as a result of the taxpayer's appeal, an annulment shall be issued in favor of the taxpayer, or an additional tax computation shall be made, as the case may be.

**Section III**

**Tax Rate**

Article 41

**(Tax Rates)**

The rates of Petroleum Income Tax are as follows:

- (a) In the event that the National Concessionaire does not enter into association with any entity, and for business corporations, unincorporated joint ventures or any other type of association, and risk service contracts entered into with the National Concessionaire, the rate is 65.75%;
- (b) For production sharing agreements, the rate is 50%.

## **Section IV**

### **Tax Computation**

Article 42

#### **(Tax Computation)**

Computation of Petroleum Income Tax shall be made as per Article 59 hereof.

## **Section V**

### **Tax Incentives**

Article 43

#### **(Investment Allowances)**

1. In addition to the incentive referred to in Article 23, subparagraph 2 (c) (I), the Government may, on the basis of a duly justified application from the Ministries of Petroleum and Finance, approve the granting of investment allowances, the amounts and regulation of which shall be included in each of the respective concession statutes.
2. The incentives proposed by the Ministries of Petroleum and Finance which are referred to in the preceding paragraph shall be submitted to the Ministries by the State Concessionaire and shall obey the following criteria:
  - (a) Economic terms of the agreement;
  - (b) Geological potential of the concession.

## **CHAPTER III**

### **PETROLEUM TRANSACTION TAX**

Article 44

#### **(Scope)**

The Petroleum Transaction Tax shall be levied on the taxable income calculated as set forth in Article 23, subparagraphs 1 (a) and 1 (b), and shall also be subject to the rules

set forth in the following Articles.

Sole § – Petroleum produced under Production Sharing Agreements shall not be subject to the Petroleum Transaction Tax set forth in this Law.

Article 45

**(Deductible Charges)**

1. In addition to the deductible costs or losses provided for in Article 21, the following deductions shall be allowed in calculating the taxable income:
  - (a) a production allowance, on the volume of crude oil and liquefied gas which was taken into account in calculating gross income;
  - (b) an investment allowance, which shall correspond to a certain percentage of the amounts invested and capitalized in each fiscal year, as from 1 January of the year of commencement of production.
2. The production allowance and the investment allowance shall be set forth in the relevant concession statutes.

Article 46

**(Non-Deductible Costs)**

In addition to the non-deductible costs and losses provided for in Article 22, the following charges shall not be deductible in calculating taxable income:

- (a) petroleum production tax;
- (b) petroleum transaction tax;
- (c) surface fee;
- (d) levy for the training of Angolan personnel;
- (e) financing costs, including interest and other charges.

Article 47

**(Tax Return)**

1. Taxpayers subject to Petroleum Transaction Tax must file a tax return in sixuplicate with the relevant tax office, as per Form 3 attached hereto.

2. The copies of the tax return referred to in the preceding paragraph, once verified and received by the relevant tax office, are distributed as follows:
  - (a) 2 for the files of the relevant tax office;
  - (b) 1 for the National Directorate for Taxes;
  - (c) 1 for the Ministry of Petroleum;
  - (d) 1 for the State Concessionaire;
  - (e) 1 for the taxpayer.
  
3. Taxpayers must file the tax return referred to in this Article within the following deadlines:
  - (a) in the case of provisional computation, as provided for in Article 59, paragraph 2;
  - (b) in the case of final computation, during the month of March of each year.

#### Article 48

##### **(Rate)**

The Petroleum Transaction Tax is levied at a rate of 70%.

#### Article 49

##### **(Tax Computation)**

The computation of Petroleum Transaction Tax shall be made in accordance with Article 59 of this Law.

### **CHAPTER IV**

#### **SURFACE FEE**

#### Article 50

##### **(Scope)**

The Surface Fee applies to the concession area or to the development areas in the event that the agreement entered into under the Petroleum Activities Law provides for same.

Article 51

**(Tax return)**

1. Taxpayers subject to the Surface Fee must file a tax return in sixuplicate with the relevant tax office, as per Form 4 attached hereto.
2. The copies of the tax return referred to in the preceding paragraph, once verified and received by the relevant tax office, shall be distributed as follows:
  - (a) 2 for the files of the relevant tax office;
  - (b) 1 for the National Directorate for Taxes;
  - (c) 1 for the Ministry of Petroleum;
  - (d) 1 for the State Concessionaire;
  - (e) 1 for the taxpayer.
3. Taxpayers must file the tax return referred to in this Article within the payment deadline set forth in Article 53.
4. Attached to the tax return provided for in paragraph 2 of this Article, taxpayers shall file a document issued by the State Concessionaire certifying the size of the area subject to the Surface Fee.

Article 52

**(Computation)**

The rate of the Surface Fee shall be the equivalent in Angolan currency to 300 US dollars per square kilometer, and shall be due by the associates of the State Concessionaire.

Article 53

**(Payment)**

The Surface Fee shall be paid on a yearly basis to the relevant tax office and within the following deadlines:

- (a) in concessions where no development areas are provided for, during the month following the month in which the relevant concession is granted;
- (b) in concessions where development areas are provided for, during the month following the month in which each commercial discovery is declared.

## TITLE IV

### OTHER TAX CHARGES

#### CHAPTER I

#### STATE CONCESSIONAIRE REGIME

##### Article 54

##### **(Receipts of State Concessionaire)**

1. The State Concessionaire must deliver the revenues derived from its receipts to the General State Budget.
2. The State Concessionaire may retain up to 10% of the revenues referred to in the preceding paragraph in order to cover expenses relating to supervision and control of its associates and of petroleum operations.
3. For the purposes set forth in the preceding paragraph, the State Concessionaire shall file a tax return, in quintuplicate, with the relevant tax office, as per Form 5 attached. Said tax return concerns the profit oil received, as well as the breakdown of expenses which are absolutely required to efficiently inspect and monitor its associates and petroleum operations.
4. The copies of the tax return referred to in the preceding paragraph, once verified and received by the relevant tax office, shall be distributed as follows:
  - (a) 2 for the files of the relevant tax office;
  - (b) 1 for the National Directorate for Taxes;
  - (c) 1 for the Ministry of Petroleum;
  - (d) 1 for the State Concessionaire.
5. The State Concessionaire shall file the tax return referred to in this Article within the following deadlines:
  - (a) in the case of provisional computation, as provided for in Article 59, paragraph 2;
  - (b) in the case of final computation, during the month of March of each year.
6. The computation of the receipts of the State Concessionaire shall be made in accordance with Article 59 hereof.
7. The State Concessionaire, in addition to being subject to the inspections provided for in the regulations of the Ministry of Finance related with the revenues referred to in this Article, shall be required to file with the Audit Court its financial statements on a yearly basis.

Article 55

**(Contractual Bonuses and Price Cap Excess Fee)**

1. The bonuses received by the State Concessionaire under agreements entered into pursuant to the Petroleum Activities Law, as well as the price cap excess fee provided in some Production Sharing Agreements, shall not be subject to the regime set forth in this Law.
2. The bonus and the price cap excess fee paid to the State Concessionaire referred to in the preceding paragraph shall revert in their entirety to the State through the Unique Treasury Account.

Article 56

**(Other Revenues)**

All revenues of the State Concessionaire, except for those referred to in the Articles of this Chapter, shall be subject to the tax charges provided herein.

**CHAPTER II**

**LEVY FOR THE TRAINING OF ANGOLAN PERSONNEL**

Article 57

**(Levy for the Training of Angolan Personnel)**

1. The State Concessionaire's associates shall be required to pay a levy to the State for the training of Angolan personnel.
2. The Government shall define, by Decree-Law, within a period of 180 days, the amount of the levy for the training of Angolan personnel, as well as other rules, including collection thereof.
3. The above mentioned statute may also provide for its application to other entities directly or indirectly involved in petroleum operations.



## TITLE V

### TAX COMPUTATION

#### Article 58

##### **(Expected Revenue)**

1. By 30 November of each year, taxpayers subject to the tax charges provided for herein, with the exception of the levy for training of Angolan personnel, shall file with the relevant tax office a tax return, in sixtuplicate, as per the attached Forms 1, 2, 3, 4 and 5, regarding the payments they expect to make during the following fiscal year.
2. The copies of the tax return referred to in the preceding paragraph, once verified and received by the relevant tax office, shall be distributed as follows:
  - (a) 2 for the files of the relevant tax office;
  - (b) 1 for the National Directorate for Taxes;
  - (c) 1 for the Ministry of Petroleum;
  - (d) 1 for the State Concessionaire;
  - (e) 1 for the taxpayer.
3. The tax return referred to in the preceding paragraph shall be accompanied by essential supporting data provided by the operator, namely, forecasts on the volume of production, exportation, domestic sales, stock, production costs, sale prices and stock evaluation values, as well as any additional data considered necessary.
4. The submitted forecasts shall be deemed to have been accepted if, by the following first of January, the relevant tax office has not required them to be corrected.
5. The filing of the tax return provided for in this Article shall always be the responsibility of the taxpayer, which may delegate this duty to the operator provided it notifies the relevant tax office of this fact at least 15 days prior to the deadline stated in paragraph 1 of this Article.
6. The forecasts referred to in the preceding paragraphs must be revised and confirmed on a quarterly basis in accordance with the values generated, market outlook and other data considered relevant.

#### Article 59

##### **(Tax Computation)**

1. The computation of the tax charges provided for in this Law shall be handled by the relevant tax office, with the exception of the Levy for the Training of

Angolan Personnel.

2. The provisional computation of the Petroleum Production Tax, the Petroleum Income Tax and the Petroleum Transaction Tax shall be made by the taxpayers on the basis of the revenue forecast as provided in the preceding Article. This computation shall take place up to the last day of the month following the month in which the substances referred to in Article 1 were produced, in the case of Petroleum Production Tax, or lifted in the other cases, and it shall be adjusted for the actual values occurring during the period to which the tax computation pertains.
3. The final computation of the tax charges referred to in the preceding paragraph shall be made in the month following the month in which the tax return referred to in Article 26, subparagraph 1 (a) was filed.

#### Article 60

##### **(Tax Credits)**

1. The costs listed in the subparagraphs below, which are paid by the taxpayer during the fiscal year, shall be credited against the tax liability computed by applying the rate set forth in Article 41, provided that they are not included among the deductions allowed in Article 21:
  - (a) costs incurred from accommodation, meals, travel and other costs of customs officials and officials of the Ministry of Petroleum when carrying out inspections, as well as expenses for the setting up and upkeep of taxation offices, and expenses incurred in hiring tax inspection, auditing and consulting services provided by the Ministry of Finance to the taxpayer and the State Concessionaire, whether directly or indirectly related to them;
  - (b) any costs or expenses incurred from activities of a technical, social or assistance-related nature which are performed by the taxpayer at the request of the relevant authority, duly approved by joint dispatch of the Ministers of Petroleum and Finance.
2. In the event that the costs provided for in subparagraphs (a) and (b) above cannot be credited due to an overly low tax liability for the year in which they were incurred, they shall be credited against the tax liability for subsequent years, provided such amounts were not already deducted in some other manner, to be verified through the accounting system used.

#### Article 61

##### **(Relevant Tax Office)**

The computation of the tax and quasi-tax charges provided for herein shall be made at the tax office where the taxpayer's registered offices, actual management or main establishment are located.

## **TITLE VI**

### **TAX COMPLIANCE**

#### **CHAPTER I**

#### **COMPLIANCE AND DEADLINES**

##### Article 62

##### **(Payment)**

1. The taxpayers subject to the tax charges provided for in this Law, with the exception of the Levy for the Training of Angolan Personnel and the Surface Fee, shall pay said charges within the deadline set forth for the provisional tax computation, as provided for in Article 59, paragraph 2, herein.
2. The payment resulting from the final computation of the charges referred to in the preceding paragraph shall be made within 30 days from the notice on the final tax computation.
3. In the event of additional tax computation, the taxpayer shall pay the relevant tax within 15 days from the notice of the additional tax computation.

##### Article 63

##### **(Public Notices)**

Public notices or announcements regarding the collection of tax charges provided for in this Law shall not be required.

##### Article 64

##### **(Files and their Confidentiality)**

1. A file on each taxpayer subject to this Law shall be maintained at the relevant tax office, and all documents and data relating to the assessment of taxable income for the purposes of computing tax charges provided for herein shall be archived in said file.
2. Revenue Collection Documents (“Documentos de Arrecadação de Receitas”), which are the receipts of payment of the tax charges provided for herein, shall also be kept in the files referred to in the preceding paragraph.

- 3 Any civil servant who reveals or relays any data contained in the files referred to in the preceding paragraph 1 shall be held liable, in disciplinary terms, for breach of secrecy, without prejudice to any other liabilities provided for by Law.

Article 65

**(Annual Records)**

The tax charges applicable to each taxpayer shall be filed in annual electronic records, which shall show the monthly amounts of taxes collected for each type of charge and the respective accrued values thereof.

**CHAPTER II**

**INSPECTION**

Article 66

**(Inspection)**

1. The entities referred to in Article 3 shall be subject to inspection as set forth in Law No. 1/04, of 13 February 2004, the Commercial Companies Law, Decree No. 38/00, of 6 October 2000, and other applicable legislation.
2. For the purposes of inspecting the tax charges addressed by this Law, all public departments and economic coordination bodies shall be required to provide the relevant tax office and the National Directorate for Taxes with all data, information or clarification within their power which is requested from them concerning the periods pertaining to taxpayers' tax returns.
3. The National Director for Taxes shall supervise compliance with the deadlines set forth in this Law, as well as the proper functioning of the Assessment Committees, as set forth in Article 65 of the General Tax Code.

Article 67

**(Audit of Accounts)**

1. For the purposes of taxation, the relevant tax office shall determine audits of the accounts of the taxpayers subject to this Law.
2. Such audits, provided they are judged to be absolutely necessary, may be extended to the accounts of any companies or entities which have connections to the taxpayers.

Article 68

**(Confidentiality)**

1. All data relating to tax charges dealt with by this Law shall be considered confidential.
2. The taxpayers may request certificates on data regarding their own tax.

**TITLE VII**

**PENALTIES**

Article 69

**(Failure to File a Tax Return)**

1. The failure of a taxpayer to file a tax return as required by this Law, as well as omissions or inaccuracies occurring therein or in the documents that should accompany such return, shall be punished by a fine denominated in Angolan currency, equivalent in value to between 50,000 and 500,000 US dollars. However, in the event of willful misconduct, the fine shall be equal to twice the amount of the non-computed tax, to a minimum value equivalent to 500,000 US dollars, denominated in Angolan currency.
2. The failure to submit supporting data as required by Law or requested by the tax administration, as well as omissions or inaccuracies occurring therein, shall be punished by a fine denominated in Angolan currency, equivalent to 100,000 US dollars.

Article 70

**(Refusal to Reveal Accounts)**

1. The refusal to reveal accounts and their related documents, as well as the concealment, destruction, obsolescence or falsification thereof, shall be punished in accordance with the seriousness of the act with a fine denominated in Angolan currency, equivalent to between 500,000 and 5,000,000 US dollars, without prejudice to any criminal proceedings which may be brought against the directors, administrators, managers, audit board members, liquidators or accounting experts responsible for such actions.
2. The same penalties shall be applied in the event that the accounting books or any other record approved by the tax administration and related documents are not archived or registered in a suitable or timely manner.

3. Taxpayers that do not observe the accounting organization provisions set forth by the Ministry of Finance, or which obstruct or in any way render difficult the inspection duties of the agents of the tax administration, or those acting in their name, shall be punished with a fine denominated in Angolan currency, equivalent to 800,000 US dollars.
4. Taxpayers that allow their accounts to fall more than 90 days behind shall be punished with a fine denominated in Angolan currency, equivalent to 800,000 US dollars.
5. If, during the course of any audit, any accounting data are not made available, or if any necessary clarification of same is not provided, the Public Prosecutor's Office may order the detention of the administrators, directors or managers responsible for such data and clarification until the completion of the audit, and authorize the seizure of documents wherever they may be located.

Article 71

**(Liability of Civil Servants)**

Any civil servants who fail to fulfill any of their obligations, as set forth herein, shall be held liable in disciplinary terms without prejudice to any other liability provided for by law.

Article 72

**(Liability of Accountants and Auditors)**

Accountants or auditors who act on behalf of the tax administration, and who, through their actions or omissions, fail to fulfill their legal or contractual obligations, shall be punished, depending on the seriousness of such failure, with a fine denominated in Angolan currency, equivalent to between 5,000 and 50,000 US dollars, without prejudice to any other liabilities provided for by law.

Article 73

**(Breach of Secrecy)**

Civil servants and accountants or auditors who commit a breach of secrecy shall be levied a fine denominated in Angolan currency, equivalent to between 5,000 and 50,000 US dollars, without prejudice to any other liabilities provided for by law.

Article 74

**(Fines for Voluntary Reporting)**

Fines which, independently of infraction notice, are applied in the event of voluntary reporting of transgressors, shall be subject to the provisions set forth in the General Tax Code.

Article 75

**(Infractions by Legal Entities)**

In the event that the infractions provided for herein are committed by legal entities, the provisions of the General Tax Code relative to liability for the payment of the fine shall apply.

**TITLE VIII**

**PETITIONS AND APPEALS**

Article 76

**(Petitions and Appeals)**

The taxpayers subject to the tax charges provided for in this Law may challenge and appeal the practices of the tax administration, as provided for in the law.

**TITLE IX**

**FINAL AND TRANSITIONAL PROVISIONS**

Article 77

**(Subsidiary Law)**

The General Tax Code and other tax or administrative laws shall be applied as subsidiary law to all situations not covered herein.

Article 78

**(Authority to Compute Taxes and Payment)**

1. The Special Tax Regimes Department of the National Directorate for Taxes shall replace the relevant tax offices for purposes of the provisional and final computation of the tax charges referred to in paragraph 1 of Article 59 until otherwise decided by the Minister of Finance.

2. For as long as the tax computation is made in accordance with paragraph 1 of this Article, the National Directorate for Taxes shall designate the tax office at which the payments of the tax charges provided for in Article 62 shall be made.

Article 79

**(Surface Fee)**

The Surface Fee, which was paid to the State Concessionaire up to the effective date hereof, shall hereafter be paid into the National Treasury single account, subject to the procedures set forth in Chapter IV, Title III hereof.

Article 80

**(Tax Return)**

The Minister of Finance may, by means of Executive Decree, amend the attached tax return forms 1, 2, 3, 4 and 5, as well as approve new tax return forms.

Article 81

**(Legal Effect)**

This statute shall only be applicable to petroleum concessions which are granted after the effective date hereof, with the exception of the following matters, which shall also be applicable to the concessions existing on such date:

- (a) Capital gains realized or accounted for and the profit obtained with the assignment of interests, pursuant to Article 20, subparagraph 2(b) for capital gains and Article 20, subparagraph 2(c); Article 23, subparagraph 1 (a) IV; and Article 23, subparagraph 2 (h);
- (b) Books, pursuant to Article 24;
- (c) Centralization of bookkeeping, pursuant to Article 25;
- (d) Tax return, pursuant to Articles 26 and 27;
- (e) Taxable income, assessment and review, pursuant to Articles 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38 and 39;
- (f) Court appeal, pursuant to Article 40;
- (g) National Concessionaire regime, pursuant to Articles 54, 55 and 56;
- (h) Levy for the training of Angolan personnel, pursuant to Article 57;
- (i) Tax computation, pursuant to Articles 58, 59, 60 and 61;
- (j) Compliance with tax obligations, pursuant to Articles 62, 63, 64 and 65;
- (k) Inspection, pursuant to Articles 66, 67 and 68;
- (l) Penalties, pursuant to Articles 69, 70, 71, 72, 73, 74 and 75;
- (m) Petitions and appeals, pursuant to Article 76; and
- (n) Final and transitional provisions, pursuant to Articles 77, 78, 79 and 80.



Article 82

**(Revocation)**

Save as provided in the preceding Article, all statutory provisions which are inconsistent with the provisions of this Law are hereby revoked.

Article 83

**(Doubts and Omissions)**

Doubts and omissions that may arise in the interpretation and application of this Law shall be resolved by the National Assembly.

Article 84

**(Effective Date)**

This Law shall become effective on 1 January 2005.

Seen and approved by the National Assembly, in Luanda, on 11 August 2004.

The President of the National Assembly, Roberto António Victor Francisco de Almeida.

Promulgated on 4 October 2004.

Be it published.

The President of the Republic, JOSÉ EDUARDO DOS SANTOS.