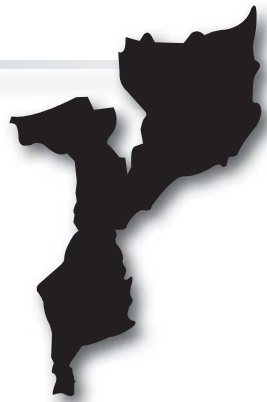


Code of
FISCAL BENEFITS



Law nr. 4/2009 of 12th January

**Law nr. 4/2009
of 12th January**

Code of Fiscal Benefits

It being necessary to reformulate the Code of Fiscal Benefits approved by Decree 16/2002 of 27 June in order to rationalize the fiscal benefits for investments and make them more effective as an instrument of the political economy, the Assembly of the Republic pursuant to the provisions of Article 127.2 and Article 179.2(o) of the Constitution determine:

Article 1

The Code of Fiscal Benefits, which is annexed to this Law as an integral part thereof, is approved.

Article 2

The Council of Ministers is delegated the competency to approve regulations in respect of this Law and shall do so within a period of 90 days from the date of publication.

Article 3

All legislation contrary to this Law is revoked.

Article 4

This Law enters into force on 1 January 2009.

Approved by the Assembly of the Republic on 26 December 2008.

The President of the Assembly of the Republic,

EDUARDO JOAQUIM MULÉMBWE.

Promulgated on 1 January 2009.

Let it be published.

The President of the Republic, ***ARMANDO EMÍLIO GUEBUZA.***



TITLE I General provisions

CHAPTER I Fundamental Principles

Article 1 (Scope of Application)

1. The provisions of this Code apply to investments carried out by individual and corporate persons provided that such persons are duly registered for tax purposes.
2. The investments referred to in the preceding clause are investments that are carried out under the scope of the investment law and its regulations, subject to the exceptions provided for in this code.

Article 2 (Concept of Fiscal Benefit)

1. Fiscal benefits are those measures that exempt or reduce the amount of tax to be paid in order to benefit activities that have a recognized public interest as well as to encourage the economic development of Mozambique.
2. Fiscal benefits are those provided for in this Code, namely:
 - a) Deductions from taxable income;
 - b) Deductions from tax;
 - c) accelerated depreciation and reintegration;
 - d) Investment tax credit;
 - e) Exemptions;
 - f) The reduction in tax rate and the deferral of the payment of tax.
3. Fiscal benefits are considered to be fiscal expenditure, and the appropriate declaration of benefits used in each tax year is required for the purpose of their determination and control.

Article 3 (Entitlement to Fiscal and Customs Benefits)

1. Investments carried out under the scope of the Investment Law are entitled to the fiscal benefits defined in this Code, provided that the investments

observe the terms established herein excluding investments as provided for in paragraph 3 of this article.

2. Investments which are also entitled to the fiscal benefits provided for under this Code are:
 - a) Investments that are carried out outside the scope of the investment law in commercial and industrial activities in rural areas;
 - b) Investment in new infrastructures built for retail and wholesale commerce;
 - c) Manufacturing and assembly industries.
3. With the exception of the situations referred to in the preceding paragraph investments carried out in commercial activities are excluded from entitlement to enjoyment of fiscal benefits.
4. The effective enjoyment of fiscal benefits may not be revoked, nor may the acquired right to the benefit be abrogated, except where as provided for in this code, the beneficiary has not complied with its obligations or if the benefit was improperly granted.

Article 4 (Accumulation of Fiscal Benefits)

The specific fiscal benefits provided for in this Code may not be aggregated with other specific or general benefits, without prejudice to the cases expressly provided for in this Code.

Article 5 (Transfer of Fiscal Benefits)

The fiscal benefits granted under this Code are transferable during their term of validity by means of an authorization of the Minister with oversight of the area of investment promotion provided that the fiscal benefits are not altered and that transferee fulfils the requirements for the enjoyment of such benefits.

Article 6 (Requirements for Exemption from Customs Duties and Value Added Tax)

1. An exemption from customs duties and that is only granted when the goods to be imported are not produced in Mozambique or if produced in Mozambique do not satisfy the specific characteristics for the purpose and function required or inherent in the nature of the project and the respective activity to be carried out and explored.



2. The aforesaid said exemption does not apply to food, drink, tobacco, clothing, passenger vehicles and other articles of personal and domestic use.

Article 7
(Time Period for the exemption from
Customs Duties and Value Added Tax)

The exemption from customs duties and Value Added Tax - VAT, is granted for the period of the first five years of the project implementation.

Article 8
(Inspection and Audit)

All individual and corporate persons who are holders of the right to enjoy fiscal benefits as provided for under this Code are subject to regular inspection and audit carried out by the Tax Administration and other competent entities for the purpose of controlling compliance with the prerequisites for the respective fiscal benefits and compliance with the obligations established for such holders

CHAPTER II
Procedures for Obtaining Fiscal Benefits

Article 9
(General Recognition Requirements)

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The beneficiary of fiscal benefits shall comply with the following general prerequisites for obtaining fiscal benefits, without prejudice to other specific requirements established by law:

- a) Tax registration, namely acquisition of a personal tax identification number (NUI);
- b) Have organized books and accounts in compliance with the General Accounting Plan and the requirements of the Corporate Income Tax Code (IRPC) and the Personal Income Tax Code (IRPS);
- c) Not have committed any infraction of a tax nature, as provided under the terms of Law 2/2006, of 22 March (Tax Infraction Law).

Article 10
(Recognition of internal tax benefits)

Subject to any provisions to the contrary, in order to obtain automatic recognition of the fiscal benefits which apply to domestic taxes collected by the Tax Administration, the titleholders of investment projects entitled to the enjoyment of Fiscal Benefits

shall submit to the local Tax directorate the investment authorization order and terms or other legally probative instrument together with a copy of the declaration of commencement of activity.

Article 11 (Recognition of import benefits)

1. In order to enjoy the customs and fiscal benefits provided for under this Code with respect to taxes assessed by the Customs Authority, the titleholder of such benefits shall submit to the Customs Service a list of the goods to be imported with exemption from payment of the customs duty and other imposts as well as the other items required under the terms of other legal instruments including the tax registration identification number.
2. The list referred to in paragraph 1 of this Article shall be approved after the issuance of the investment project authorization and subject to the terms established in the Investment Law Regulations and other applicable legislation.
3. The Customs Services shall, with five business days dating from the date of receipt of the list, undertake the respective registration and control procedures.

Article 12 (Proof of Investment)

1. In order to enjoy the Fiscal Benefits in respect of income in accordance with the terms of this Code, investment project titleholders entitled to benefits shall submit the following items together with the income tax declaration required under the Corporate and Personal Income Tax Codes (IRPC & IRPS):
 - a) A declaration stating the amount of the investment realized, using the form approved by the Minister having oversight of Finances;
 - b) The origin of the purchases and expenditure which are the basis of any deductions, indicating the invoice number, the name of the supplier, the invoiced amount and amount to be deducted as well as the accelerated depreciation amounts.
2. In order for the Tax Administration to determine the tax expense, investment project titleholders referred to in the preceding paragraph shall submit the declaration with the respective calculation of the value of the tax benefit as provided for in article 2.3 of this Code at the time of the submission of the income tax declaration required under the IRPC and IRPS Codes.



TÍTULO II

Fiscal Benefits

CHAPTER I General Benefits

Article 13 (Scope of application)

The general benefits provided for under this Chapter apply to investments that are not the beneficiaries of the specific benefits provided for under this Code.

SECTION I Benefits on the Import of Goods

Article 14 (Customs Duties and Value Added Tax Exemption)

Investments carried out under the terms of the Investment Law benefit from an exemption from payment of customs duties and VAT on the import of equipment classified as class “K” in the Customs Tariff Schedule including the accompanying spare and accessory parts.

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SECTION II Fiscal Benefits in respect of Income

Article 15 (Investment tax credit)

1. Investments carried out in the City of Maputo benefit, for a period of five tax years, from a deduction (not to exceed the tax payable in respect of the investment project activity) from Corporate Income Tax (IRPC) that is equal to 5% of the total investment actually realized.
2. In the case of investment projects carried out in the other provinces, the percentage, as established in the preceding paragraph 1, is 10%.
3. In the case of Personal Income Tax (IRPS), the investment tax credit deduction referred to in the preceding paragraphs shall not exceed the tax payable in respect of income taxable under Category 2 income (as defined in the IRPS Code).
4. Any portion of the tax credit not used in the respective tax year may be carried

forward and used in the five successive tax years dating from the date of commencement of investment for projects currently in operation and the commencement of operations for new projects.

5. For the purposes of the provisions of the preceding paragraphs, only investment in new tangible fixed assets acquired by and utilized in the investment project operations within Mozambique qualifies.
6. The provisions of this article do not apply when the investment in tangible fixed assets results from:
 - a) Construction, acquisition, repair or extension of any buildings;
 - b) Passenger vehicles;
 - c) Furniture and articles of comfort and decoration;
 - d) Social equipment;
 - e) Specialized equipment which is considered to be advanced technology under the terms of this Code;
 - f) Other investment assets that are not directly and necessarily associated with the productive activity carried out by the project.
7. For the purposes of this Code:
 - a) The commencement of investment is considered to be the moment in which the procedures to obtain Fiscal Benefits is initiated, after approval of the investment project;
 - b) The commencement of operations is considered to be the moment in which the operations that produce taxable income are initiated.

Article 16 **(Accelerated Depreciation and Reintegration)**

1. Accelerated depreciation of new immovable assets used in the conduct of the investment project is permitted. The normal legal rates, which apply to the calculation of depreciation and reintegration amounts considered to be deductible costs for the purpose of determination of taxable income for IRPC or IRPS, may be increased by 50%.
2. The provisions of the preceding paragraph also apply on the same terms to rehabilitated immovable assets and to machinery and equipment used in industrial and /or agro-industrial operations.



Article 17 (Modernization and introduction of new technology)

1. The amount invested in specialized equipment utilizing new technology for the conduct of investment project operations shall, during the first five years from the commencement of operations, benefit from a deduction from taxable income for the purposes of Corporate Income Tax (IRPC) equal to a maximum of 10% of taxable income.
2. The deduction referred to in the preceding paragraph as well as the respective terms applies to Personal Income Tax (IRPS), but only in respect to income from activities falling within Category 2 income (as defined in the IRPS Code).

Article 18 (Professional Training)

1. The cost of investments in professional training of Mozambican employees is deductible from taxable income for the purposes of the calculation of Corporate Income Tax (IRPC), during the first five years dating from the date of commencement of operations up to a maximum amount equal to 5% of taxable income.
2. In the case of professional training in the utilization of equipment considered to be new technology, as referred to in the preceding article, the maximum amount deductible from taxable income for the purposes of the calculation of Corporate Income Tax (IRPC), is equal to 10% of taxable income.
3. The deductions referred to in the preceding paragraphs as well as the respective terms apply to Personal Income Tax (IRPS), but only in respect to income from activities falling within Category 2 income (as defined in the IRPS Code).
4. The investment cost referred to in the preceding paragraphs does not include the cost of equipment and other assets of the company used in the professional training.

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Article 19 (Expenditure considered being Fiscal Costs)

1. During a period of five tax years dating from the date of commencement of operations, investments eligible for fiscal benefits under the terms of this Code the following allowances may be also considered as costs for the determination of taxable income for corporate income tax (IRPC) purposes:
 - a) In the case of investments carried out in the City of Maputo, 110% percent of the value of expenditure in the construction and rehabilitation of roads,

railways, airports, mail delivery, telecommunications, water supply, electrical energy, schools, hospitals and other works that are considered to be of public utility by the competent authority;

- b) In the case of the other provinces, an amount equal to 120% percent of the expenditure, under the same terms as the previous paragraph;
 - c) In the case of expenditure for the acquisition for personal ownership of works of art and other objects that are representative of Mozambican culture as well as activities that contribute to the development of such works under the terms of the Law for the Defense of Cultural Patrimony, Law 10/88, of 22 December, only 50% of the expenditure is deductible as a cost for tax purposes.
2. The terms and provisions of the previous paragraph shall be applicable to income subject to the Personal Income Tax (IRPS), but only in respect of income from activities belonging to the Second Category of IRPS.

CHAPTER II Specific Benefits

SECTION I Creation of basic infrastructure

Article 20 (Qualifying Investments)

The provisions of this section are applicable to investment by the private sector or by public-private partnerships that has as its exclusive objective the establishment of basic public infrastructure that is essential for the promotion and attraction of investments, for the conduct of concrete activities in sectors of the national economy, such as the construction and rehabilitation of roads, rail lines, airports, water supply, electricity, telecommunications and others.

Article 21 (Customs Duty and Value Added Tax Exemption)

Investments defined in the preceding article benefit from an exemption from the payment of customs duties and VAT on the import of goods classified as class “K” in the Customs Tariff Schedule including the accompanying spare and accessory parts.



Article 22 (Income Tax)

1. Investments that have the exclusive objective of establishing basic public infrastructure as defined in article 19 of this Code, benefit from the following incentives with respect to Corporate Income Tax (IRPC):
 - a) An 80% reduction in the rate of IRPC tax in the first five tax years;
 - b) A 60% reduction in the rate of IRPC from the 6th to the 10th tax year;
 - c) A 25% reduction in the rate of IRPC from the 11th to the 15th tax year.
2. In the case of taxpayers subject to Personal Income Tax (IRPS), the benefit provided for in the previous paragraph shall apply only to the taxable income derived from the activity benefitting from the incentive but only in respect of income from activities belonging to the Second Category of IRPS.

SECTION II Rural Commerce and Industry

Article 23 (Qualifying Investments)

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The provisions of this section are applicable to investment in the construction and/or rehabilitation of infrastructure to be used exclusively for the conduct of commercial and industrial activity in rural areas.

Article 24 (Customs Duty and Value Added Tax Exemption)

1. Investments in commerce carried out in rural areas benefit from an exemption from payment of customs duties and VAT on the import of goods classified as class "K" in the Customs Tariff Schedule as well as others which are essential to the conduct of the activity, namely:
 - a) Freezers;
 - b) Scales;
 - c) Weights;
 - d) Cash registers;
 - e) Oil and fuel meters;
 - f) Counter.

2. Investments in industry carried out in rural areas benefit from an exemption from payment of customs duties and VAT on the import of goods classified as class “K” in the Customs Tariff Schedule including the accompanying spare and accessory parts.
3. The application for the enjoyment of the fiscal and customs benefits shall be made by a legally registered business entity and shall include the entity’s NUIT (tax identification number) and the business license for commercial or industrial activity in rural areas.

SECTION III

Manufacturing and Assembly Industries

Article 25

(Qualifying Investment)

The provisions of this section apply to investments in the manufacturing and assembly industry sector.

Article 26

(Exemption of customs duties)

1. Investments in the manufacturing industry sector benefit from an exemption from payment of duties on the import of raw materials to be used in the industrial manufacturing process.
2. Investments in the assembly of motor vehicles; electronic equipment; computer and communications technology and others benefit from an exemption from payment of customs duties on the import of materials to be used in the industrial production process.
3. The application for the enjoyment of the fiscal benefits defined in the preceding paragraphs shall be made by a legally registered business entity and shall include the entity’s NUIT (tax identification number) and the business license for industrial activity.
4. The fiscal benefits referred to in paragraphs 1 and 2 of this article are granted to investment projects which both demonstrate and assume the obligation to maintain an annual invoicing not less than 3,000,000.00 Meticals and which have a final product added value of at least 20%.



SECTION IV

Agriculture and Fishery

Article 27

(Customs Duty and Value Added Tax Exemption)

Investment in agriculture and aquaculture shall benefit from an exemption from payment of customs duties and VAT on the import of equipment classified as class “K” in the Customs Tariff Schedule including the accompanying spare and accessory parts.

Article 28

(Income Tax)

1. Investment in agriculture and aquaculture benefit from the following tax incentives with respect to Corporate Income Tax (IRPC):
 - a) An 80% reduction in the IRPC rate until 31 December 2015;
 - b) A 50% reduction in the IRPC rate from 2016 until 2025.
2. In the case of taxpayers subject to Personal Income Tax (IRPS), the benefit provided for in the previous paragraph shall apply only to the taxable income derived from the activity benefitting from the incentive but only in respect of income from activities belonging to the Second Category of IRPS.

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Article 29

(Additional Benefits)

The fiscal benefits provided for in articles 18 and 19 of this Code shall apply to investments in agriculture and aquaculture as defined in this section.

SECTION V

Hostelry and Tourism

Article 30

(Qualifying Investment)

1. The provisions of this section are applicable to investments in hostelry and tourism industry, namely:
 - a) Construction, rehabilitation, expansion or modernization of hostelry units and the respective complementary and related parts, with the principal purpose being the provision of tourism services;

- b) Development of infrastructure for the establishment of camping and caravan parks with a minimum three star classification;
 - c) Equipment for the development and exploration of marinas;
 - d) Development of wild life reserves, national parks and game reserves for tourism.
2. Investments in the following areas are excluded from the provisions of the previous paragraph:
- a) Rehabilitation, construction, expansion or modernization of restaurants, bars, cafés, food establishments, discotheques and other similar units when not a part of the units referred to in the previous paragraph;
 - b) Car rental;
 - c) Travel agencies, tourism operators and similar activities.
3. Investments carried out in tourism and hostelry activities, which are not eligible for the specific benefits defined in the previous paragraph, are entitled to the general benefits defined in articles 15 to 19 of this Code.

Article 31 **(Customs Duty and Value Added Tax Exemption)**

Qualifying investment as defined in article 30.1 of this Code shall benefit from an exemption from payment of customs duties and VAT on the import of equipment classified as class “K” in the Customs Tariff Schedule as well as the following goods which are considered to be indispensable for the conduct of tourism and hostelry activity provided that the quantities are limited to the amounts strictly necessary for the construction and outfitting, namely:

- a) Construction materials excluding cement, blocks;
- b) Tiles, paint and varnish;
- c) Rugs and carpets;
- d) Sanitary equipment;
- e) Furniture;
- f) Textiles;
- g) Elevators;
- h) Air conditioners;



- i) Kitchen equipment;
- j) Refrigeration equipment;
- k) Tableware and restaurant and bar articles;
- l) Communication equipment;
- m) Safes;
- n) Computer and sound equipment;
- o) Televisions;
- p) Recreational watercraft, yachts and related equipment and water sports security equipment;
- q) Aircraft, airplanes, helicopters, hang-glider, gliders, flight simulators, equipment and related equipment and tourist activity security equipment.

Article 32
(Investment tax credit, accelerated depreciation and reintegration)

1. Qualifying investment under the terms of this section also benefit from the tax credit provided for under article 15 of this Code.
2. Accelerated depreciation of new immovable assets, vehicles, automobiles and other tangible fixed assets used in the conduct of the hostelry and tourism activities is permitted. The normal legal rates that apply to the calculation of depreciation and reintegration amounts considered to be deductible costs for the purpose of determination of taxable income for Corporate Income Tax (IRPC) or Personal Income Tax (IRPS) may be increased by 50%.

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Article 33
(Additional Benefits)

Investments defined in this section benefit from the benefits provided for in articles 17 to 19 of this Code.

SECTION VI
Science and Technology Parks

Article 34
(Customs Duties and Value Added Tax Exemption)

Investments in scientific investigation, development of information and

communication technologies, as well as research and development benefit, for the duration of the project, from an exemption from the payment of customs duties and VAT on the import of scientific, teaching and laboratory material and equipment, including software and support materials, for technical, scientific education, teaching and investigation construction materials, machinery, equipment, and the respective accompanying accessories and spare parts.

Article 35 (Income Tax)

1. Investments in the areas of scientific investigation, information and communication technology development as well as research and development carried out in science and technology parks shall benefit from the following incentives in respect of Corporate Income Tax (IRPC):
 - a) IRPC exemption in the first five tax years;
 - b) A 50% reduction in the rate of IRPC tax from the 6th to the 10th tax year;
 - c) A 25% reduction in the rate of IRPC from the 11th to the 15th tax year.
2. In the case of Personal Income Tax (IRPS) taxpayers, the benefit provided for in the previous paragraph shall apply only to the taxable income derived from the activity which is the beneficiary of the incentive and which is Category 2 income.
3. Investments that do not fall within the areas of scientific investigation, technological development, information and communication, and research and development carried out in science and technology parks are not entitled to the fiscal benefits referred to in paragraphs 1 and 2 of this article.

SECTION VII Large Dimension Projects

Article 36 (Qualifying Investments)

Authorized investment that exceeds twelve billion five hundred million Meticals, as well as investment in public domain infrastructure carried out under the regime of a concession is entitled to the fiscal benefits set out in this section.



Article 37 (Customs Duty and Value Added Tax Exemption)

Investments defined in the preceding article shall benefit from an exemption from payment of customs duties and VAT on the import of construction materials, machinery, equipment accompanying spare and accessory parts and other goods used in the carrying out of the activity.

Article 38 (Additional Benefits)

The fiscal benefits provided for in articles 15 to 19 of this Code shall apply to investments defined in this section.

SECTION VIII Rapid Development Zones

Article 39 (Definition)

For the purposes of this Code, Rapid Development Zones (RDZ) are geographic areas within the national territory of Mozambique which have great natural resource potential but which are lacking in infrastructure and have a weak level of economic activity.

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Article 40 (Qualifying Areas)

1. Rapid Development Zones include the following regions in Mozambique: Zambezi River Valley zone, Niassa Province, Nacala district, Mozambique Island, Ibo Island and other areas which may be approved by the competent authority.
2. The Zambezi River Valley zone includes:
 - a) All the districts in Tete Province;
 - b) The districts of Morrumbala, Mopeia, Chinde, Milange, Mocuba, Maganja da Costa, Nicoadala, Inhassunge, Namacurra and Quelimane in Zambézia Province;
 - c) The districts of Gorongosa, Marringué, Chemba, Caia, Marromeu, Cheringoma and Muanza in Sofala Province;

- d) The districts of Bárue, Guro, Tambara and Macossa in Manica Province.
- 3. The Council of Ministers has the competency to establish new rapid development zones under the terms of this Code.

Article 41 (Eligible Activities)

- 1. The following activities are eligible for the fiscal benefits specified in this Section:
 - a) Agriculture;
 - b) Tree plantations;
 - c) Aquaculture;
 - d) Stock-raising;
 - e) Forestry operations;
 - f) Wild life related operations;
 - g) Water supply;
 - h) Electricity generation, transport and distribution;
 - i) Telecommunications;
 - j) Construction of public use infrastructures;
 - k) Housing construction;
 - l) Construction of agriculture related infrastructures;
 - m) Construction of hotel infrastructure and hotel operation;
 - n) Tourism and related activities;
 - o) Construction of trade infrastructure;
 - p) Industry;
 - q) Cargo and passenger transport;
 - r) Education;
 - s) Health.
- 2. The fiscal benefits provided for in this Section apply exclusively to investments in activities carried out in Rapid Development Zones.



Article 42 (Customs Duties and Value Added Tax Exemption)

Investments carried out in Rapid Development Zones in the activity sectors defined in the previous paragraph benefit from an exemption from payment of customs duties and VAT on the import of goods in class “K” of the Customs Tariff Schedule including the accompanying accessories and spare parts.

Article 43 (Fiscal benefits in respect of Income)

1. Investments located in Rapid Development Zones in the activity sectors defined in this Section benefit for a period of five tax years from an investment tax credit equal to 20% of the total investment realized, deductible from the Corporate Income Tax (IRPC) payable but which shall not exceed the tax otherwise payable.
2. In the case of taxpayers subject to Personal Income Tax (IRPS) the tax credit referred to in the previous paragraph shall not exceed the amount of tax resulting from income from the activity that is the beneficiary of the incentive and which is income classified as second category income (as defined in the IRPS Code).
3. Any portion of the tax credit not used in the respective tax year may be carried forward and used in the five successive tax years dating from the date of commencement of investment for projects currently in operation and the commencement of operations for new projects.

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Article 44 (Additional Benefits)

Investments defined in this section benefit from the benefits provided for in articles 18 and 19 of this Code.

SECTION IX Industrial Free Zones

Article 45 (Customs Duty and Value Added Tax Exemption)

1. Operators of Industrial Free Zones benefit from an exemption from payment of customs duties on the import of construction materials, machinery, equipment, accompanying spare and accessory parts and other goods used in the carrying out of the licensed Industrial Free Zones activity.

2. Industrial Free Zones enterprises benefit from an exemption from customs duties on the import of goods and merchandise to be used in the implementation of projects and exploration of activities which have been authorized under the terms of the Industrial Free Zones Regulations.
3. The exemption referred to in paragraphs 1 and 2 of this article includes VAT both on the import and on internal acquisitions as provided for in the VAT Code.

Article 46 (Income Tax)

1. From the date of the issuance of the respective Certificate, Industrial Free Zones Developers and enterprises benefit from the following incentives with respect to Corporate Income Tax (IRPC):
 - a) IRPC exemption in the first ten tax years;
 - b) A 50% reduction in the rate of IRPC tax from the 11th to the 15th tax year;
 - c) A 25% reduction in the rate of IRPC for the remaining life of the project.
2. Isolated Free Zone enterprises approved in accordance with the terms of the Free Zone Regulations benefit from the following incentives with respect to Corporate Income Tax (IRPC):
 - a) IRPC exemption in the first five tax years;
 - b) A 50% reduction in the rate of IRPC tax from the 6th to the 10th tax year;
 - c) A 25% reduction in the rate of IRPC for the remaining life of the project.

SECTION X Special Economic Zones

Article 47 (Customs Duty and Value Added Tax Exemption)

1. Special Economic Zones Developers and Enterprises benefit from an exemption from payment of customs duties on the import of construction materials, machinery, equipment, accompanying spare and accessory parts and other goods used in the carrying out of the licensed Special Economic Zones activity.
2. The exemption referred to in paragraph 1 of this article includes VAT both on the import and on internal acquisitions as provided for in the VAT Code.



Article 48 (Income Tax)

1. From the date of the issuance of the respective Certificate, Special Economic Zones Developers benefit from the following incentives with respect to Corporate Income Tax (IRPC):
 - a) IRPC exemption in the first five tax years;
 - b) A 50% reduction in the rate of IRPC tax from the 6th to the 10th tax year;
 - c) A 25% reduction in the rate of IRPC for the remaining life of the project.
2. From the date of the issuance of the respective Certificate, Special Economic Zone enterprises benefit from the following incentives with respect to Corporate Income Tax (IRPC):
 - a) IRPC exemption in the first three tax years;
 - b) A 50% reduction in the rate of IRPC tax from the 4th to the 10th tax year;
 - c) A 25% reduction in the rate of IRPC tax from the 11th to the 15th tax year.
3. Special Economic Zone enterprises approved in accordance with the terms of the Special Economic Zone Regulations benefit from a 50% reduction in the rate of IRPC tax for a period of five tax years.

CHAPTER III Sanctions

Article 49 (Sanctions which preclude suspend or cancel Fiscal benefits)

1. Without prejudice to other sanctions permitted under the tax and customs legislation in force, the violation of the provisions of this Code is subject to the application of sanctions which may, depending on the gravity of the infraction, preclude, suspend or cancel the application of the fiscal benefits.
2. The failure to comply with one or more of the prerequisites provided for in article 8 of this Code is an infraction subject to the sanction of preclusion from the enjoyment of the benefits.
3. Infractions subject to the sanction of suspension of benefits are:
 - a) The failure to pay taxes that are due to the State Treasury, provided that this infraction occurs only once;

- b) The failure to deliver the declaration required under article 2.3 of this Code;
 - c) The commission of infraction of a fiscal nature and other infractions provided that under the terms of the applicable legislation are not considered to be grave;
 - d) Non-compliance with the terms imposed in the grant of the fiscal benefits.
4. The repeated commission of the infractions referred to in the preceding paragraph shall be subject to the sanction of cancellation, without prejudice to the terms of Law 2/2006, of 22 March.

Article 50 (Cancellation and suspension of fiscal benefits)

1. The enjoyment of fiscal benefits shall expire at the end of the period of time for which granted, when cancelled as a sanction or if subject to terms and conditions, when a resolute condition occurs or the beneficiary fails to comply with the obligations imposed by these terms and conditions.
2. The cancellation or suspension of fiscal benefits results in the automatic application of general taxation as provided for by law.
3. In the event of the application of a suspense sanction, the suspension shall remain in force until the complete remedying of the cause of the suspension, including the payment within a period of sixty days counting from the date of the notification of tax due by the competent services.
4. The holders of a right to fiscal benefits are obliged to declare, within a period of 30 days thereof, when the factual or legal basis for the fiscal benefit has ended including the suspension of fiscal benefits but excluding where the termination was officially known.

CHAPTER IV Miscellaneous

Article 51 (General transitory regime)

1. The fiscal benefits the right to which has been acquired or the application for which has been formulated and submitted on the basis of prior Codes of Fiscal Benefits, approved by Decree 12/93, of 21 July, and Decree 16/2002, of 27 June, prior to the entry into force of this Code on 1 January 2009 shall be maintained in accordance with the terms on which granted.

- Investment projects submitted for analysis and approval prior to the entry into force of this Code on 1 January 2009, shall be reviewed and decided in accordance with the terms of the Code of Fiscal Benefits approved by Decree 16/2002, of 27 June, except where the proponents expressly choose and request the application of this Code, within the maximum time period of sixty days from date of this Code's entry into force.

Article 52
(Disposal of assets subject to fiscal benefits)

When the fiscal benefit applies to the acquisition of assets to be directly applied in the realization of the buyer's objectives, if the assets are disposed of or applied to another purpose, without obtaining the prior authorization of the competent authority, the fiscal benefit will be null and void, without prejudice to any other sanctions.

Article 53
(Supplementary rules)

The provisions of the Corporate Income Tax Code, the Personal Income Tax Code, the Value Added Tax Code, the Customs Dispute Procedures, the Tax Dispute Procedures, the Tax Executions Code and other applicable legislation shall apply to any omission in this Code unless contradicted by the provisions of this Code.

Article 54
(Entry into force)

This Law enters into force on 1 January 2009.

Approved by the Assembly of the Republic on 26 December 2008.

The President of the Assembly of the Republic,

EDUARDO JOAQUIM MULÉMBWE.

Promulgated on 1 January 2009.

Let it be published.

The President of the Republic, ***ARMANDO EMÍLIO GUEBUZA.***