BUSINESS ENVIRONMENT

THE CONSUMER

Consumer Profile

Angola is a middle-income country, with a per-capita income of USD 2,080 (IMF, 2021). The rising inflation impacts deeply consumer prices (+21% in 2020 - IMF). Despite this, Angolan consumers are increasingly searching for quality instead of price. They are more suspicious with regards to cheap products made in China or other African countries and tend to prefer Western brands. They also value good service, including after-sales. The Angolan population is largely young, with weak purchasing power, low level of education and becoming increasingly urban (66,1% in 2019 - World Bank, latest data available). However, there is a growing middle class and a wealthy class concerned about the quality of products and the image they convey. The family is very important in Angolan life and women are generally responsible for making purchasing decisions. Angolans are generally brand-savvy and value international names, but the products need to be adjusted to local tastes. Packaging, advertising and brands are important in the buying choice. At this time, Portuguese and Brazilian products are advantaged by the common language (Portuguese), as the labelling is legally required to be in Portuguese. Angola is also a favourite destination for international franchises and shopping centres are developing in the country. Among consumer goods, the biggest growth between 2009 and 2013 was recorded for packaged food (+23%). Other sectors which should benefit from the future growth are electronics, beauty products and home furnishing. Internet access in Angola is slightly more developed than in its neighbour countries. Nevertheless, it remains limited. According to the World Bank, in 2019, 14.3% of the population had Internet access (latest data available). E-commerce is limited by the lack of credit cards. Domestic e-commerce websites are slowly developing and international e-commerce is only possible for the upper-class Angolans who possess international credit cards. Finally, many domestic companies do online advertising through social media such as Facebook.

Consumer Behaviour

Angola is the third economy in Sub-Saharan Africa and is a Portuguese-speaking country. Despite a satisfying economic ranking, Angola had a negative real GDP growth rate in 2020 (-4% - IMF) and prices have increased by 22.3% (IMF, 2021). Angola is one of the most promising consumer goods markets in Africa. The development of infrastructures (construction, telecommunications, banking, etc.) sustains employment growth. It fuels consumption, reinforced by the fast-growing demographics. Most of the consumer products are imported. Otherwise, the modern retail sales sector is fastly developing, with numerous grocery retail chains. The emerging middle-class is now interested in buying non-essential products. Nevertheless, for the majority of consumers with low purchasing power, price and product availability remain key factors. Angolan consumers generally prefer familiar brands, but younger people are less loyal and more likely to try out new products. Middle-class university graduates are the most susceptible to react to advertising and packaging. The wealthier part of the population is fashion-conscious and enjoys high-tech products and gadgets. Finally, purchasing wholesale products is deeply rooted in the country's culture.

Consumers Associations

IMPORTING & DISTRIBUTING

Import Procedures

The process of importing goods into Angola is time-consuming and highly bureaucratic. The World Bank ranks Angola among the countries with the most time-consuming import procedures worldwide in the category of “Trading Across Borders”. Foreign exporters are advised to enquire about customs broker capacities and importing experience when selecting a distributor. Angolan import regulations are subject to periodic changes requiring foreign exporters to maintain close contact with their importer/distributor to avoid customs entry delays.

Importers must be registered with the Ministry of Commerce for the category of product they are importing. Only registered companies can apply for an import license which is required for imports of sensitive products such as food, medical devices, pharmaceuticals, agricultural inputs. To minimise customs problems and delays, foreign companies should ensure that their prospective Angolan distributor holds import registration status for the appropriate product category and has experience importing and representing international products. A competent importer company will have either in-house customs broker capacity or work with a licenced customs broker. Only customs brokers approved by the Angolan government can process customs documentation for imports. Custom broker rates are regulated and cannot exceed 4% CIF value of the product, though the average rate is 2%.

Documentation required for import into Angola includes:

- Original Air Way Bill (AWB) / Bill of Lading (BL)
- Original Commercial Invoice (listing HTS codes for each item)
- Packing List
- - Angolan Loading Certificate issued in the country of shipment
- Import License and/or phytosanitary certificate issued by the relevant Ministry, if required based on product
- Angolan loading certificate
- Shipments bound for Angolan ports require a Loading Certificate (Certificado de Embarque) issued by the National Council of Angolan Shippers (CNCA) authorized agent in the country of origin.

For more information, please visit the website of the Angolan Tax Authority.

Distribution market players

The capital city of Luanda is home to a quarter of the population followed by a limited number of secondary cities: Benguela / Lobito, Huambo and Lubango, Soyo and Cabinda are other major cities that revolve around the oil industry. With such a concentrated market, it may make more sense to appoint a single distributor or representative to cover the entire country. Although a number of legally established distributors and international product representatives exist in Angola, many products, especially consumer goods, are sold through resellers. These resellers buy products abroad and resell in retail outlets often using the original brand.

The market is dominated by Portuguese and Brazilian supermarkets:

- Kero Hypermarket : 40%
- Alimenta Angola Cash & Carry : 20%
- Maxi Supermarket : 10%
- Mega Cash & Carry : 10%
- Other supermarkets including Nosso Super : 20%

Distribution infrastructure in Angola is challenged by poor road quality, cumbersome customs clearance procedures (among the slowest in the world according to the World Bank), as well as limited storage and cold chain capacity. Current railway expansion projects are aimed at ensuring intermodal transport throughout the country.

OPERATING A BUSINESS

Type of companies

Sociedade anonima (SA)

Number of partners: At least 5 (2 if one of the partners is a public entity).
Capital (max/min): Minimum USD 20,000 of which 30% must be paid before the business creation.
Shareholders and liability: A shareholder is only liable for the payment of the subscription price of his shares. He is not liable for the debts of the business.

Sociedade por quotas de responsabilidade limitada (LDA)

Number of partners: At least 2.
Capital (max/min): No minimul capital required.
Shareholders and liability:
Members are jointly and severally liable for the payment of the principal, but are not liable for the debts of the company.

Setting Up a Company	Angola	Sub-Saharan Africa
Procedures (number)	8.0	7.5
Time (days)	36.0	21.3

Source: Doing Business - Latest available data.

Cost of Labour

Minimum Wage

In 2019, the minimum wage was AOA 21,454 per month for the agricultural sector and AOA 26,817 for the industries of transportation, service and manufacutring, accordigng to the Africa Labour, Research and Education Institute (latest data available).

Average Wage

The monthly gross average wage is estimated at AOA 320,000 per month (lastest available data).

Social Contributions

Social Security Contributions Paid By Employers: 8%
Social Security Contributions Paid By Employees: 3%. A foreign worker has the right not to contribute to the social security system if he can prove that he is currently supporting a foreign regime and / or has a life insurance.

Intellectual Property

National Organisations

IAPI, Instituto Angolano da Propriedade Industrial, Angolan Institute of Industrial Property, Ministry of Industry

INIC, National institute for the cultural industries, National direction for entertainment and Author's rights, Ministry of Culture.

International Membership

Member of the WIPO (World Intellectual Property Organization)
Signatory to the Paris Convention For the Protection of Intellectual Property
Membership to the TRIPS agreement - Trade-Related Aspects of Intellectual Property Rights (TRIPS)

TAX RATES

Consumption Taxes

Nature of the Tax

All entities with a turnover or goods import operations higher than AOA 350,000,000 are liable to the standard VAT regime. These taxpayers and those that choose to be framed in the standard regime should assess VAT on the supplies of goods and services and, in principle, are able to deduct the VAT incurred on their purchases. Entities operating in the manufacturing industry are always obliged to be on the standard VAT regime. However, the entities operating in the manufacturing industry whose turnover or import of goods is less than AOA 10,000,000 can be excluded from the standard VAT regime.

Entities that exceed a turnover or engage in goods import operations surpassing AOA 350,000,000 are obligated to adhere to the standard VAT regime. These taxpayers, as well as those who opt for the standard regime voluntarily, are responsible for evaluating VAT on their supplies of goods and services. They generally have the ability to deduct the VAT paid on their purchases. In the manufacturing industry, all entities are required to follow the standard VAT regime. However, entities operating in manufacturing but having a turnover or import of goods below AOA 10,000,000 may be exempted from the standard VAT regime.

Every corporate and individual entity engaged in taxable economic activities is required to complete registration with the appropriate tax department. The documentation for the commencement of activities must be submitted no later than 15 days before the planned start of operations.

Tax Rate

14%

Reduced Tax Rate

Exempt supplies include medication and other related products for therapeutic and prophylactic ends; wheelchairs and similar vehicles destined for people with disabilities as well as braille machines and other gadgets used to correct learning disabilities; books; leasing and letting of immovable property for housing purposes (excluding the accommodation services provided by hotels and entities with similar activity); collective public transportation services; banking and financial operations carried out by banking financial institutions and non-banking financial institutions, including the financial leasing; insurance activities; supply of fuels according to Annex II of the VAT Code.
Exports are zero-rated.
A reduced rate of 5% applies to certain food products and agricultural inputs. For the items listed in Annex I of OGE 2022, the reduced rate stands at 7% (e.g. milk, beans, rice, water, meat, fish, eggs, soap, and other agricultural inputs).

Hotel and restaurant services are eligible for the 7% reduced rate only if the service providers fulfill the following requirements simultaneously:

- Registration of all owned or utilized immovable properties and/or motor vehicles by the service provider
- Utilization of electronic invoicing systems for invoice issuance
- Timely submission of the required tax returns from previous years.

Other Consumption Taxes

Several products are subject to excise duties, including sugar and alcoholic beverages; tobacco and its derivatives; fireworks; oil derivatives; jewellery and goldsmith articles; aircraft and pleasure craft; firearms; art objects, collages, and antiques; petroleum products; vehicles; plastic bags and straws; tires. Rates vary between 2%, 5%, 19%, 25% and 30%, depending on the product.

Corporate Taxes

Company Tax

The standard rate is 25%

Taxpayers paying corporate tax are divided into 2 groups: the general regime applies to taxpayers whose revenue is over USD 250,000 for two consecutive or non-consecutive years; the simplified regime applies to taxpayers with business turnover below or equal to USD 250,000.
Public companies, public entities, financial institutions, companies under special tax regimes, telecom companies, and subsidiaries or branches of foreign entities are excluded from the simplified regime.

Tax Rate For Foreign Companies

Angolan tax residents are taxed on their global income whereas non-residents are only subject to income and withholding taxes on their Angolan-sourced income.

Capital Gains Taxation

Capital gains obtained by resident companies are included in taxable income and taxed at the standard flat rate of 25%. Capital gains derived from the sale of shares are not liable to corporate income tax, but are subject to investment income tax (generally at 10%, conditions apply).

Main Allowable Deductions and Tax Credits

Amortisation of tangible and intangible assets is tax-deductible at rates ranging from 4% to 33.33%.
Depreciations that exceed the allowed rates are not immediately tax-deductible; however, they may be deducted in subsequent years. Depreciation rates are increased by 25% for companies operating on two shifts and 50% for companies operating on continuous production.
Goodwill cannot be amortised for tax purposes. Interest expenses are tax-deductible (interest on shareholder loans is deductible up to the limit that would result from the annual average interest rate established by the Angolan Central Bank). Bad debts are deductible if they result from the bankruptcy or insolvency of the debtor.
The deductibility of donations to charitable organisations depends on their compliance with the Angolan law on patronage. Donations that are not covered by the Patronage Law are subject to autonomous taxation at a rate of 15%. Fines are not tax-deductible, unlike indirect taxes.
Expenses for which there is no valid supporting documentation and whose occurrence and nature are not materially verifiable are subject to a standalone tax at rates varying between 30% and 50%.
Tax losses can be carried forward for up to five years. The carryback of losses is not permitted. Payments to foreign affiliates are deductible if they respect the arm's-length principle.

Other Corporate Taxes

Stamp duties ranging generally from 0.1% to 1% are levied on virtually all transactions, including real estate, insurance and corporate acts, except, among others, those relating to a loan agreement.

A property tax (IPU) is levied on income from real estate. The rate is 25% for rental income; however, it only applies to 60% of income, which results in an effective rate of 15%. For real estate that is not rented, the tax only applies at a rate of 0.5% if the value of the property exceeds 6 million AOA (plus AOA 5,000 for a value between AOA 5 and 6 million). Property transfer taxes (SISA) amount to 2% of the higher of (i) the selling price or (ii) the property value registered for tax purposes.

Social security contributions payable by the employer amount to 8% of the salary and cover the health insurance and the pension plan.

An investment income tax of 15% applies to standard interest gains (credit, loan; 10% for dividends and repatriation of profits; bond interest; interest from shareholder loans; capital gains; and royalties; 5% for interest and capital gains on bonds, securities, or other financial instruments and dividends and capital gains on shares when traded in a regulated market).

Other Domestic Resources

Consult Doing Business Website, to obtain a summary of the taxes and mandatory contributions.

Double Taxation Treaties

Countries With Whom a Double Taxation Treaty Have Been Signed

The double taxation treaty between Angola and Portugal came into force in 2019.

The treaties signed with the United Arab Emirates, China and Cabo Verde did not come into force yet.

Withholding Taxes

10% for dividends (5% for dividends on shares when traded in a regulated market); 15% for interest (10% for bond interest and interest from shareholder loans, 5% for interest on financial instruments issued by a company that trades in a regulated market); and 10% for royalties. Payment of services is usually subject to a withholding tax of 6.5%. Educational, medical and transport services are exempt.