

LEGAL ALERT

STATE OF EMERGENCY

TAX AND CUSTOMS CONCESSIONS

Following the announcement of the emergency state in Mozambique by the Presidential Decree no. 11/2020, of 30 March, subsequently ratified by Law no. 1/2020, of 31 March, tax and customs concessions were approved by the Decree no. 23/2020, of 27 April, published in the *Official Gazette* on the same date.

The above measures apply to economic agents who are, simultaneously, taxable persons of the taxes in force in Mozambique, especially regarding customs clearance, income taxes and, also, concerning VAT.

1. As for the customs clearance, economic agents shall benefit, until 31 December 2020, from an early authorisation – to be issued by Customs Services, upon confirmation of the importer address and goods destinations –, of products for the prevention and treatment of COVID-19, being that the correspondent regularisation should occur in 90 days and without prejudice to the performance of the responsibility statement.
2. Concerning in income taxes, the following facilities¹ were approved for taxable persons who, cumulatively, have presented an annual turnover in the tax year 2019 not exceeding 2.500.000 MZN and who have their tax situation regularised:

¹ Note that, pursuant the article 3, no. 4, of the mentioned Decree no. 23/2020, of 27 April, the tax concessions, concerning the income taxes (IRPS and IRPC) are not of automatic recognition, depending on the submission of an application, duly justified and presented, in terms to be regulated by the Minister who supervises the Finance area.

- a. Relating to Corporate Income Tax (IRPC), the exemption of Payments on Account, which should be made in May, July and September 2020, was approved;
 - b. Still concerning IRPC, the payment of the Special on Account Payment was delayed for January, February and March 2021, instead of, according to the law, June, August and October 2020;
 - c. As for Personal Income Tax (IRPS), the Payment on Account to the taxable persons who are holders of second category income (*i.e.*, business and professional income) was equally exempted.
3. In respect to VAT, the compensation of credits related to VAT of whose taxable person is a holder, with other taxes in debt at the expense of the Tax Administration, was authorized, exceptionally, and until 31 December of 2020.

In summary, Decree no. 23/2020, of 27 April, in force since its publication, represents an important contribution to mitigating the negative impact that the pandemic has been causing to the economic agent's finances.

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