



REPUBLIC OF MOZAMBIQUE

Assembly of the Republic

Law No. 13/2007

of 27 June

Whereas there is a need to revise the tax incentive regimes of the mining and petroleum areas so as to rationalize the granting of concessions and render it more efficient and effective as an instrument of economic policy.

Under these terms, in accordance with the provisions in paragraph 2 of Article 127, together with clause o) of paragraph 2 of Article 179, both of them Constitutional Articles, the Assembly of the Republic hereby determines:

CHAPTER I

FUNDAMENTAL PRINCIPLES

Article 1

Scope

The provisions of this Law are applicable to undertakings that effect investments under Law No. 14/2002, of 26 June – Mining Law and Law No. 3/2001, of 21 February– Petroleum Law, by individuals or collective persons, as long as they are duly registered for tax purposes.

Article 2

Tax Benefits

1. For the purposes of this Law, tax benefits are tax measures provided for therein that involve a reduction of the amount to be paid of the taxes in force aimed at stimulating mining and oil activities towards the Nation's economic and social development.
2. Tax benefits are considered tax expenses and, to determine and audit them, an appropriate declaration of the benefits enjoyed in each fiscal year is required.

Article 3

Entitlement to Tax Benefits

1. Those undertakings carried out under the legislation referred to in Article 1 above shall enjoy the tax benefits defined in this Law, as long as they meet the conditions set forth therein.
2. The effective enjoyment of tax benefits cannot be repealed nor can the vested rights be reduced, save in cases provided for in the Law and when there is non-compliance with the obligations established for the beneficiary or if the benefit has been improperly granted.

Article 4

Transfer of Tax Benefits

Tax benefits are, under the terms of the legislation referred to in Article 1, transferable during the time they are in force, by authorization of the Minister in charge of finance, provided they remain unalterable and, in the beneficiary of the transfer, the pre-conditions for the enjoyment of the benefit are verified.

Article 5

Control

All individuals or collective persons, entitled to the enjoyment of the tax benefits referred to in this Law, are subject to control by the tax administration services for the control of the existence of the pre-conditions of the respective tax benefits and compliance of the established obligations.

CHAPTER II

TAX BENEFITS

Article 6

Incentives for undertakings under the Mining Law

1. Undertakings carried out under the Law No. 14/2002 of 26 June shall benefit, for a period of five years, as from the date on which the mining operation commences, from the following exemptions:
 - a) customs duties in respect of importing equipment for mining, prospecting and exploration or mining operations classified under "K" class of the Customs Tariffs;
 - b) customs duties in respect to the importation of goods listed in the attachment to this Law, comparable with class "K" of the Customs Tariffs.
2. The imports referred to in the preceding paragraph further benefit, during the same period, from exemption from the Value-Added Tax and from the Specific Consumption Tax, provided for in the Law No. 15/2002, of 26 June.
3. The benefits referred to in paragraphs 1 and 2 above shall be granted only when the goods being imported cannot be produced in the country or, if they are produced they do not meet the specific features of purpose and functionality required or inherent to the nature of the activities to be developed and exploited.

Article 7

Incentives for undertakings under the Petroleum Law

1. The undertakings carried out under Law No. 3/2001 of 21 February shall benefit, for a period of five years from the date of approval of the development plan, from the following exemptions:
 - a) customs duties related to the importation of equipment for use in petroleum operations classified under "K" class of the Customs Tariffs;

- b) customs duties relative to the importation of explosives, detonators, fuses and similar goods, machines and devices for the firing explosives, as well as equipment and devices for topographical, geodesic and geological surveys and mapping on land and sea intended for petroleum operations.
2. The imports mentioned in the preceding paragraph shall also benefit, during the same period, from exemption from the Value-Added Tax and the Specific Consumption Tax, provided for in Law No. 15/2002, of 26 June.
3. The benefits referred to in paragraphs 1 and 2 above shall be granted only when the goods being imported cannot be produced in the country or, if they are produced they do not meet the specific features of purpose and functionality required or inherent to the nature of the activities to be developed and exploited.

CHAPTER III

PROCEDURES RELATIVE TO TAX BENEFITS

Article 8

Requirements to Enjoy Tax Benefits

The following are requirements to enjoy tax benefits:

- a) having been authorized by the competent entity for mining or petroleum prospecting and exploration or operation as per Law No. 14/2002, of 26 June – Mining Law and Law No. 3/2001, of 21 February – Petroleum Law;
- b) having done the tax registration by applying for the respective Unique Taxpayer' Identification Number (Número Único de Identificação Tributária - NUIT);
- c) having organized accounts, according to the General Chart of Accounts and the requirements of the Individuals Income Tax Code or Corporate Income Tax Code;
- d) not having committed violations of a tax nature and other violations recognized by the tax administration services.

Article 9

Cancellation and Suspension of Tax Benefits

1. Tax benefits cease to exist upon the expiration of the term for which they were granted or when a sanction that causes them to be cancelled has been applied.
2. Cancellation or suspension of tax benefits implies the automatic application of general tax provided for in the law.
3. In the case of the application of a suspensive sanction, it shall be maintained until the situation that gave rise to it has been restored, including payment of the uncollected revenues, within a period of 30 days, from the date of the notification by the competent tax services, for collecting the unpaid taxes.
4. The holders of the right to tax benefits must always declare, within a period of 30 days, that the de facto or de jure situation on which the tax benefit is based has ceased to exist. This communication should be made in the event of suspension of tax benefits.

Article 10

Procedures and rules for the applying for, suspension and cancellation of the tax benefits

The procedures for applying for tax benefits referred to in this Law, as well as the definition of the rules for their suspension or cancellation, in cases of violation of a fiscal nature and other cases of non-compliance with conditions set forth in the granting of tax benefits, are subject of regulation.

CHAPTER IV MISCELLANEOUS PROVISIONS

Article 11

General provisional regime

Tax benefits for the mining and petroleum sectors granted before the entry into force of the present Law shall remain in force.

Article 12

Expiration of tax benefits

Tax benefits expire at the end of the time period for which they are granted and, when subject to conditions, by the occurrence of the pre-conditions of the respective canceling condition or failure to observe the obligations imposed, imputable to the beneficiary.

Article 13

Transfer of ownership of goods with tax benefits

When the tax benefit regards the acquisition of goods intended for the direct accomplishment of the purposes of the purchasers, it becomes null and void if the transfer of ownership or use is done in another way without authorization from the competent entity, without prejudice to the remaining sanctions.

CHAPTER V

FINAL PROVISIONS

Article 14

Investment Law Incentives

The tax incentives applicable to the undertakings carried out under Law No. 3/93, of 24 June, Investment Law, are not applicable to mining and petroleum activities.

Article 15

Repeal

All the provisions contained in other legal statutes relative to tax incentives for the mining and petroleum sector are hereby repealed.

Article 16
Supplementary Norms

In everything that, having been omitted, is not contrary to the provisions contained in this Law shall fall under the provisions contained in Law No. 2/2006, of 22 March – General Tax Law, and other applicable tax legislation.

Article 17
Regulations

The Council of Ministers shall be responsible for regulating this Law within the period of 90 days from its entry in force.

Article 18
Entry in force

This Law enters into force on the date of its publication.

Passed by the Assembly of the Republic on the 10th day of May 2007.

The Chairman of the Assembly of the Republic, Eduardo Joaquim Mulembwé
Enacted on 13th June 2007.

Let it be published.

The President of the Republic, Armando Emílio Guebuza.

ANNEX I

List of Goods Intended for the Mining Industry as per Class K of the Customs Tariffs

Table I

1. Radial and axial fans;
2. Mobile laboratory for ore analysis;
3. Prospecting equipment;
4. Continuous chain blades;
5. Dump trucks for transporting ore;
6. Rippers for mining operations;
7. Suction dredges and equipment for the dredges;
8. Rock crushing machines;
9. Pneumatic and hydraulic hammers;
10. Ore separation machines (cyclones, vibrating tables and other)

Table II

1. Gaterres;
2. Granulometric scale;
3. Stereoscopes;
4. Kits and devices for measuring physicochemical characteristics of water.

Table III – Equipment for Seismology and Magnetism

1. Seismographs;
2. Seismometers;
3. Special mouse for equipment;
4. 24-bit digitalizer;
5. Special cellular modem for seismographic stations;
6. Theodolite;
7. Sensor (Fluxgate);
8. Proton magnetometer and sensor;
9. Tripod;
10. Fluxgate magnetometer with three sensors;
11. A to D digitalizer;
12. PPM processor;

Table IV – Geophysical Devices

1. Electrical conductivity and resistivity devices;
2. Radiometric devices;
3. Devices for measuring magnetic susceptibility;
4. Induced polarization devices;
5. Proton magnetometers;
6. Spectrometers;
7. K-meters for magnetic susceptibility;
8. Electrical resistivity devices;
9. Induced polarization devices;
10. Gravimetric devices.