



TAX NEWSLETTER

INTRODUTORY NOTE

The purpose of this Tax Newsletter is to draw attention to the relevant aspects of tax /parafiscal obligations of a periodic nature, as well as to highlight those in spite of not being of this nature should be complied during or from this month.

In particular, this month we highlight the possibility to limit or suspend payment on account.

However, it should be noted that this publication is not exhaustive and does not waive the consultation of the applicable legislation and is intended exclusively to be distributed to Mazars customers and partners.

Good reading!

(Joel Almeida)

AUGUST TAX CALENDAR

Deadline	Obligation
Until 10 th	Delivery, in the Directorate of Tax Areas, of the revenues collected by the Public Services in the previous month.
	Payment of contributions to the National Institute of Social Security (INSS) of the previous month-paragraph. 3, art. 13 of Decree no. 53/2007 of 3 rd December.
Until 15 th	Delivery of VAT returns (normal regime) with Recoverable Tax - line a), paragraph 1, art. 32 of CIVA-Law no. 13/2016, of 30 th December.
Until 20 th	Payment of PIT (IRPS) and CIT (IRPC) withheld at source in the previous month- paragraph 3 of article 29 of PIT Code Regulation, approved by Decree no. 8/2008, of 16 th April and paragraph 5 of article 67 Of the CIT code, approved by Law no. 34/2007, of 31 st December.
	Payment of stamp duty assessed in respect of the previous month – art. 17 of Decree no. 6/2004 of 1 st April.
	Payment of the Petroleum Production Tax for the previous month, paragraph 2 of article 11 of the Regulation Specific Regime of Petroleum Taxation, approved by decree 32/2015 of 31 st December.
	Payment of Mining Tax for the previous month, paragraph 2 of article 9 of the Regulation of the Specific Regime of Mining Activity, approved by Decree 28/2015 of 28 th December.
Until the last day of the month	Payment of VAT in respect of the previous month by the taxable persons of the normal regime - line b), paragraph. 1, article 32 of the VAT Code, approved by Law no. 13/2016, of 30 th December.
	Payment of the 2nd installment of the Special Payment on Account of the IRPC; paragraph a) of art.27, of the CIRPC Regulation, approved by Decree no. 9/2008, of April 16.

Limitations to the Payment on Account

Framework

The CIT payment on account in Mozambique is a system of anticipation of Corporate Income Tax (CIT). Companies are required to make payments on account throughout the tax year as a way of advancing the final tax that will be due. These payments are based on estimates of the company's income for the financial year and are made in three installments. By the end of May, or the fifth month for entities that fall into a tax period other than the calendar year, the company must submit the CIT return, and the final tax is calculated based on the actual profit obtained. If the payments on account already made during the year exceed the final tax due, the company will be reimbursed. If the payments were insufficient, the company must pay the difference. Payment on account is a way to ensure that the government receives the tax due and to avoid delays in payment.

Under number 1 and 2 of the article 70 of the Law 34/2007 of 31 December, payments on account are calculated based on the tax assessed for the financial year immediately preceding that in which such payments are to be made, net of withholdings, corresponding to 80% of the amount retro mentioned divided into three equal amounts, rounded up, under the terms to be regulated.

Limitations to the Payment on Account

Not uncommonly, there have been situations where payments on account exceed the final tax due, leaving the taxable person in a creditor situation and the credit taking a considerable time to be recovered.

In fact, article 72 of the CIT Code grants the taxpayer, whenever he finds from the information

available to him that the amount of the payment on account already made is equal to or greater than the final tax due, the right to:

1. Suspend the delivery of a new payment on account, when it is found that the total of the payments already made is equal to or higher than the CIT considered due at the end; or
2. Limit the amount of the payment on account to be made to the difference between the amount of total tax deemed to be finally due and the payments already made.

The use of either of the above-mentioned prerogatives shall be carried out by submitting a declaration of limitation or suspension of payment on account, duly signed and dated, fifteen days before the deadline for the respective payment.

However, the use of the prerogative to limit/suspend payments on account carries with it a risk that the taxable person will be subject to compensatory interest.

The number 2 of the article 72 of the Law no. 34/2007 of 31 December establishes that, when it is found in relation to the periodic income tax return for the year to which the tax relates, that as a result of the limitation or suspension of the payment on account, an amount greater than 20% of that which, under normal conditions, would have been delivered has not been paid, there is compensatory interest counted from the end of the period in which each payment should have been made until the end of the period for submitting the return, or until the date of payment of the self-assessment, if earlier.

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