



TAX Newsletter

TAX Newsletter of May

forv/s
mazars

INTRODUTORY NOTE

The purpose of this Tax Newsletter is to highlight key aspects of periodic tax and parafiscal obligations while also drawing attention to non-periodic obligations that must be fulfilled during or from this month.

This month, we highlight the legal foundations, types, and practical implications of joint and subsidiary tax liability, as established under the General Tax Law (Law No. 2/2006 of 22 March).

However, we emphasize that this publication is for informational purposes only and is not exhaustive. It does not replace consultation of the applicable legislation or any specific guidance from the Tax Authority. Its content is intended exclusively for Forvis Mazars' clients and partners.

Good reading!

(Joel Almeida)

MAY TAX CALENDAR

Deadline	Obligation
Until 5th	Submission of information on mineral production and sales – No. 7, Art. 4 of Decree Law No. 28/2015 of December 28.
Until 10th	Submission, by Public Services, to the Fiscal Area Directorates of revenues collected in the previous month.
	Payment of contributions to the National Institute of Social Security (INSS) for the previous month – No. 3, Art. 14 of Decree No. 51/2017 of October 9.
	Settlement of the tax on mining production – No. 1, Art. 7 of Decree Law No. 28/2015 of December 28.
Until 15th	Settlement of the tax on petroleum production – No. 1, Art. 9 of Decree No. 32/2015 of December 31.
	Submission of VAT returns (standard regime) with tax credit – Paragraph a), No. 1, Art. 32 of the VAT Code (CIVA), Law No. 13/2016 of December 30.
Until 20th	Payment of PIT (IRPS) and CIT (IRPC) withheld at source in the previous month- paragraph 3 of article 25 of PIT Code Regulation, approved by Decree no. 8/2008, amended and republished by Decree no. 51/2018, of 31 August, of 16th April and paragraph 5 of article 67 Of the CIT code, approved by Law no. 34/2007, of 31st December.
	Payment of stamp duty for the previous month – Art. 17 of Decree No. 6/2004 of April 1.
	Payment of the Petroleum Production Tax for the previous month – No. 2, Art. 11 of the Specific Petroleum Taxation Regime Regulation, approved by Decree No. 32/2015 of December 31.
	Payment of the Mining Activity Tax for the previous month – No. 2, Art. 9 of the Specific Mining Activity Regime Regulation, approved by Decree No. 28/2015 of December 28.
Until the last day of the month	Payment of VAT for the previous month by taxpayers under the standard regime – Paragraph b), No. 1, Art. 32 of the VAT Code (CIVA), approved by Law No. 13/2016 of December 30.
	Payment of the 1st instalment of payment for IRPC account, a) of paragraph 1 of article 27 of the CIT Code Regulation, approved by Decree No. 9/2008, of 16th April.
	Delivery of the annual tax return for the previous financial year by CIT taxpayers - no. 1, art. 39 of the CIT Code Regulation approved by Decree no. 9/2008, of April 16 - Model 22 / 22A.
	Final payment of CIT and PIT (excluding individuals who have only received income from the 1st category) relating to income from the previous year - Alinea b) n° 1 art.27 of the CIT Code Regulation approved by Decree no. 9/2008, of 16 April and al. a), art.28 of the PIT Code Regulation regulation approved by Decree no. 8/2009, of 16 April
During the month and until the last business day of June	Submission of the Annual Accounting and Tax Information Statement for the previous fiscal year by IRPS taxpayers – 2nd category, and IRPC taxpayers – Form M20 and Annexes – No. 3, Art. 40 of the IRPC Regulation, approved by Decree No. 9/2008 of April 16, and Art. 35 of the IRPS Regulation, approved by Decree No. 8/2009 of April 16.

Joint and Subsidiary Tax Liability

Joint and subsidiary tax liability constitutes a foundational legal mechanism within the Mozambican tax framework, aimed at ensuring the efficiency of tax collection and safeguarding the public interest. These constructs extend the passive subject of the tax obligation, thereby mitigating the risk of default by the primary taxpayer and fostering spontaneous compliance. Joint liability entails the full and undivided imputation of the tax claim to each co-liable party, regardless of any right of order or priority, whereas subsidiary liability requires prior exhaustion of enforcement measures against the principal debtor as a prerequisite for the redirection of fiscal enforcement.

1. Legal Basis

Joint and subsidiary tax liability finds robust legal support in Law No. 2/2006 of 22 March (General Tax Law of Mozambique), where it is systematically set forth.

1.1 Taxpayer and Associated Obligations

According to Article 14 of the aforementioned Law, a taxpayer is defined as any natural or legal person, or de facto or de jure organization, upon whom the law imposes the obligation to fulfill tax duties, whether of a substantive or formal nature.

1.2 Withholding Agent (Substituto Tributário)

Article 20 of the General Tax Law defines the withholding agent as the entity that, by legal imposition, assumes the obligation to withhold and remit the tax owed by the taxpayer (the substituted party), acting in their name and on their behalf.

1.3 Subsidiary Liable Party

Pursuant to Article 21 of the General Tax Law, the subsidiary liable party is the taxpayer from whom payment of a third party's tax debt is required when the original taxpayer fails to fulfill their obligation within the legal deadline.

This figure complements the withholding agent, serving as an additional safeguard for tax collection.

2. Specific Cases Tax Liability

The Mozambican General Tax Law establishes a range of specific scenarios in which liability for tax debts may be attributed to third parties, either jointly or subsidiarily, depending on the nature of the infraction and the legal relationship with the primary taxpayer:

Legal and proxy representatives – Article 23 of the General Tax Law provides for joint liability of legal and proxy representatives when, through wilful misconduct or gross negligence, their principals fail to fulfil tax obligations.

Company liquidators – Under Article 24 of the Law, personal and joint liability is imposed on liquidators who, during the liquidation process, fail to prioritize tax debts, except in cases where debts with superior legal privilege exist.

Administrators, directors, and managers – According to Article 29 of the Law, administrators, directors, and managers of companies, cooperatives, and public enterprises are subsidiarily liable when, while their duties, they contribute to or permit the commission of tax violations.

Partners – Pursuant to Article 30, joint liability is established among the partners of unlimited liability companies, who are jointly liable with the company for its tax debts.

Co-holders or participants in autonomous estates – Article 31 of the Law establishes the joint liability of co-holders or participants in autonomous estates for the tax debts of the entities they are part of, in proportion to their shares, presumed equal unless otherwise specified.

Purchasers of goods or services – According to Article 33 of Law No. 2/2006, the purchaser of goods or services may be held jointly liable with the supplier for the payment of indirect taxes due, under the conditions set forth in the applicable legislation.

3. Practical Implications

3.1 For Tax Substitutes

Withholding and Payment: The tax substitute is legally obliged to withhold and remit to the State the taxes owed by the substituted taxpayer, pursuant to Articles 20 and 26 of the General Tax Law. If the agent fails to withhold when the obligation is definitive, they are jointly liable for the full amount of the tax and compensatory interest. In cases of withholding on account, the liability is subsidiary.

Incorrect Reporting: If the tax substitute incorrectly records taxable amounts (e.g., salaries subject to Personal Income Tax), they are subsidiarily liable, under Article 28 of the

General Tax Law, for the difference between the actual tax due and the declared amount.

3.2 For Administrators and Partners

Limited Liability Companies: According to Article 29 of the General Tax Law, administrators, directors, or managers are subsidiarily and jointly liable among themselves for the company's tax debts when they commit or consent to tax infractions in the exercise of their duties.

Unlimited Liability Companies: Under Article 30, partners are jointly liable with the company and among themselves for tax debts, regardless of their direct involvement in the tax infraction.

3.3 For Third Parties

Managers of Non-Residents' Assets: Natural or legal persons managing assets or rights of non-residents without a permanent establishment in Mozambique are jointly liable for taxes related to those assets, even if not formally appointed as tax representatives (Article 34 of the General Tax Law).

Co-Holders of Autonomous Estates: Individuals holding shares in autonomous estates are jointly liable for the tax obligations of the entity in proportion to their shares, presumed equal in the absence of express stipulation (Article 31 of the General Tax Law).

4. Tax Collection and Enforcement Procedure

Mozambique's General Tax Law establishes a structured procedure for the coercive collection of tax debts, ensuring both the effectiveness of enforcement and the protection of the liable parties' rights of defence.

The tax debt certificate, issued by the Tax Administration in accordance with Article 157, constitutes an enforceable title, serving as the legal basis for initiating tax enforcement proceedings. This document has full probative value and defines the parameters for collection.

Pursuant to Article 159 of the General Tax Law, tax enforcement may be reversed against subsidiary liable parties when the principal debtor's assets are insufficient to fully satisfy the tax debt. Such reversal is conditional upon the confirmation of liability and the verification of asset insufficiency of the primary debtor.

Being equitable in its foundation, the General Tax Law ensures the taxpayer's right to adversarial proceedings, granting access to legal remedies such as claims and appeals.

As provided in Article 160, the liable party has the right to present a defence within the time limits and procedures established under the applicable procedural law. This provision guarantees due process and protects the fundamental rights of the debtor.

5. Conclusion Tax

Joint and subsidiary tax liability is a robust legal mechanism to ensure the effective collection of taxes by the State. Accordingly, it is essential that taxpayers, withholding agents, and other liable parties are fully aware of their legal obligations in order to avoid the imposition of sanctions and penalties.

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