

Mozambique introduces tax and customs measures to mitigate COVID-19 impact

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The Government of Mozambique approved, following ratification of the State of Emergency, through Decree n.º 23/2020 dated 27 April 2020, a number of fiscal and customs measures in support of economic agents and taxpayers, with the objective of mitigating the economic impact of COVID-19.

The Decree sets forth certain fiscal and customs measures, namely a speedier process with respect to the importation of certain goods and exceptional fiscal measures under Income Tax and Value-Added Tax (VAT).

The measures are valid until 31 December 2020.

Customs measures

- ▶ The customs measures allow for goods used for the prevention and treatment of COVID-19 to be released from customs prior to the conclusion of the customs clearance process, by means of the presentation of a term of undertaking, confirmation of the domicile of the economic agent and the destination of the goods.

Corporate Income Tax measures

- ▶ Corporate Income Tax (CIT) taxpayers are released from the payment of the advance payment installments for the financial year that are due in the months of May, July and September.
- ▶ In addition, taxpayers have the prerogative to postpone the installments of the special advance payment due in June, August and October to January, February and March of 2021.
- ▶ Taxpayers under Personal Income Tax (PIT) who earn income from business and professional activities (2nd category of PIT) are also released from the advance payment installments obligations.

- ▶ These measures apply to taxpayers whose annual turnover in 2019 did not exceed the amount of 2.5 million meticaís (approx. US\$37,000) and do not have any outstanding tax issues. In order to benefit from the above measures, taxpayers must file an application with the Minister of Finance.

VAT measures

- ▶ Under VAT, the Decree sets forth the possibility of compensating outstanding taxes, fines and interest, with VAT credits that the taxpayer may have.

These measures are also valid until 31 December 2020 and are subject to further regulations in order to establish the implementation procedures.

For additional information with respect to this Alert, please contact the following:

Ernst & Young Limitada, Maputo

- ▶ Albena Todorova albena.todorova@mz.ey.com
- ▶ Tehcine Aboobacar tehcine.aboobacar@mz.ey.com

Ernst & Young Advisory Services (Pty) Ltd., Africa ITTS Leader, Johannesburg

- ▶ Marius Leivestad marius.leivestad@za.ey.com

Ernst & Young Société d'Avocats, Pan African Tax - Transfer Pricing Desk, Paris

- ▶ Bruno Messerschmitt bruno.messerschmitt@ey-avocats.com
- ▶ Alexis Popov alexis.popov@ey-avocats.com

Ernst & Young LLP (United Kingdom), Pan African Tax Desk, London

- ▶ Rendani Neluvhalani rendani.mabel.neluvhalani@uk.ey.com
- ▶ Byron Thomas bthomas4@uk.ey.com

Ernst & Young LLP (United States), Pan African Tax Desk, New York

- ▶ Brigitte Keirby-Smith brigitte.f.keirby-smith1@ey.com
- ▶ Dele Olagun-Samuel dele.olaogun@ey.com

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