

NATIONAL ASSEMBLY
LAW NO. 13-04
OF 24 DECEMBER 2004

On the Taxation of Petroleum Activities - Repeals all statutory provisions contrary to the provisions of this law, without prejudice to the provisions of the previous article.

The beginning of taxation of petroleum activities in Angola goes back to the 1950s when Decrees 41.356 and 41.357 regulated the first commercial discoveries in Angolan petroleum concessions.

The fiscal system set up by the statutes mentioned above, was a system of traditional concessions in which investors were acknowledged as owning the facilities existing in the concession area and the petroleum extracted, whilst the State was to receive the tax revenue as provided for by law.

The major changes that the traditional concession systems underwent at the end of the 1960s and the early 1970s, could not help but be reflected in the tax structure of petroleum activities.

The risk-sharing by investors and the protection of national interests in the exploiting of non-renewable resources, led to the creation of new fiscal systems, characterized essentially by the increase in tax burdens with increases in production and the price of oil on the international market.

On attaining independence, Angola defined in its fundamental law the system for ownership of natural resources, which has remained a constitutional principle until the present time.

Throughout the years that followed, the necessary amendments have been introduced to existing contracts, as well as to the fiscal systems applicable to the respective concessions.

The diversity of fiscal systems created at that time, led to the need to attempt to unify those systems that were applicable to the different forms of partnership for petroleum exploration and production, in production sharing agreements and joint venture agreements respectively.

In this regard, following Decree No. 52/89 dated September 8, an identical fiscal system came into force for production sharing agreements until the legislative body approved a uniform fiscal system for petroleum activities.

The statute that has now been passed and published is the result of the project to systematize the different fiscal systems that were dispersed across sundry legislation, making it complicated to consult and apply them, as well as being difficult to access by taxable entities.

In addition to the work of systematization, certain amendments were introduced in order to enable all taxable entities, subject to the fiscal system based on the present law, to be treated more fairly and uniformly in terms of taxation.

At the same time, some fiscal administration procedures were simplified to conform with modern technology and the institutional context of the State and fiscal administration in particular.

The standardization of fiscal systems applicable to petroleum activities covered by this statute, complies with the specific requirements of the principal forms of partnerships in relation to petroleum activities, particularly in production sharing agreements and joint venture agreements, namely in respect of the rate of petroleum revenue tax, the determining of taxable revenue as well as tax exemption in respect of oil production and petroleum transaction tax in production sharing agreements.

Under these terms, covered by paragraph b) of Article 88 of Constitutional Law, the National Assembly has passed the following:

LAW ON THE TAXATION OF PETROLEUM ACTIVITIES

TITLE I

General Provisions

Article 1

(Object)

The object of this law is to set out the taxation system applicable to the bodies referred to in Article 3 for the carrying on of exploration, development, production, storage, sale, exporting, processing and transporting of crude oil and natural gas, as well as naphtha, ozocerite, sulphur, helium, carbon dioxide and saline substances when originating from petroleum activities.

Article 2

(Definitions)

For the purpose of this law and unless specifically stated otherwise in the text itself, the following words and expressions used in it, shall have the following meanings, and definitions in the singular shall also apply in the plural form and vice versa:

Administration and services: the group of activities carried out to support petroleum operations, in particular all activities relating to general administration and generic support for petroleum operations, such as management, supervision and functions related to the general management of those activities and shall also include, amongst others, accommodation and meals for employees, transport, storage, emergency, safety and medical assistance schemes, social services, accounting and records;

Affiliate:

- (a) A company or any other entity in which the taxable entity holds either directly or indirectly, an absolute majority of votes at the General Meeting or equivalent body, or holds more than 50% of the rights and interests, that confer the power to manage that company or entity, or has the authority to manage and control that company or entity;
- (b) A company or any other entity that holds, directly or indirectly, an absolute majority of votes at the General Meeting or equivalent body, in relation to the taxable entity or has the authority to manage and control the latter;
- (c) A company or any other entity, in which the absolute majority of votes at the respective partners' General Meeting or equivalent body, whether the rights and interests that confer the authority to manage the latter, are held directly or indirectly by a company or any other entity that holds, directly or indirectly, the absolute majority of votes in the General Meeting or equivalent body in relation to the taxable entity or has the authority to manage and control the latter.

Development area: in relation to the petroleum concessions, where this concept exists, the entire area within the area of the petroleum concession suitable for production from the field or fields identified by a commercial discovery and defined in accordance with the rules of the respective petroleum concession;

Associates of the National Concessionaire: entities, that under the terms of the Petroleum Activities Law, associate with the National Concessionaire in order to carry out joint petroleum operations there;

Petroleum concession or concession: an area, in which the exercise of drilling rights within the scope of the Petroleum Activities Law takes place;

National Concessionaire: Sociedade Nacional de Combustíveis de Angola, Empresa Pública (Sonangol, E.P.), being the company that holds the drilling rights;

Fiscal costs: the expenses or charges that are necessary for the carrying on of the petroleum operations, as provided for under Article 21;

Commercial discovery: the discovery of an oil field that the National Concessionaire or its associates consider to warrant development;

Development: the activity carried out, following the declaration of a commercial discovery and which shall include but not be limited to:

- a) Geophysical, geological and reservoir studies and surveys;
- b) Drilling of production and injection wells;
- c) Design, construction, installation, connection and initial checking of the equipment, pipelines, systems, plant, machinery and associated activities necessary in order to produce and operate the said wells, in order to take, collect, process, handle, store, transport and deliver petroleum, or in order to undertake re-pressurizing, recycling and other secondary or tertiary recovery schemes.

Drilling rights: the set of powers attributed to the National Concessionaire with the aim of carrying out petroleum operations in the area of a particular petroleum concession;

Taxes: all levies in the nature of taxation, provided for by law that are due on account of the carrying on of any business activity;

Gas or natural gas: a mixture consisting essentially of methane and other hydrocarbons found in an oilfield, in a gaseous state or which pass into that state when produced under normal conditions of pressure and temperature;

Petroleum transaction tax: the tax set out in Chapter III, Title III of this statute.

Petroleum production tax: the tax provided for in this statute, calculated on the basis of the quantity of crude oil or natural gas, as well as on the other substances referred to in Article 1 of this law;

Petroleum revenue tax: the tax provided for in this statute that is levied on the profits or net revenue determined as taxable revenue;

Capital gains: profit or gain, realized by means of transfer for consideration, regardless of the reason, of elements of fixed assets or on property or securities held as reserve or for use;

Tax obligations: obligations in the nature of taxation, arising from this law, due on account of carrying on activities such as exploration, development, production, storage, sales, exporting, transport and processing of crude oil or natural gas, as well as naphtha, ozocerite, sulphur, helium, carbon dioxide and saline substances when originating from petroleum operations;

Petroleum operations: the activities of exploration, appraisal, development, production, storage, sales, exporting, processing and transporting of oil, carried out within the scope of the Petroleum Activities Law;

Operator: the entity that carries out the petroleum operations in a particular petroleum concession;

Exploration: the activity carried out in order to discover petroleum and which includes geological, geophysical and geochemical surveys and studies, aerial surveys and others that may be included in the work programmes and exploration budgets, as well as drilling for seismic work, drilling for collecting cores, stratigraphic drilling, wells for discovering petroleum and other related bores and wells, the purchase and acquisition of the respective supplies, materials and equipment that may be included in the said work programmes and budget;

Petroleum: crude oil, natural gas and all other hydrocarbon substances, that may be found and extracted or in some other way obtained and collected from a petroleum concession area;

Crude oil: a mixture of liquid hydrocarbons originating from any petroleum concession, that is in a liquid state at the wellhead or in the separator under normal conditions of pressure and temperature, including distillates and condensates, as well as the liquids extracted from natural gas;

Profit oil: all the petroleum, under a production sharing agreement, produced and stored from each development area and not used in petroleum operations, less oil for the recovery of costs from the same development area;

Cost recovery oil: in production sharing agreements, this is the portion of the oil, that is produced and stored in the development areas and required in order to recover the expenses associated with exploration, development, production, administration and services;

Production: includes in particular the operation, assistance, maintenance and repair of completed wells, as well as the equipment, pipelines, systems, facilities and site yards completed during the development stage. It shall also include all activities relating to the planning, programming, monitoring, measurement, testing and draining, collection, processing, storage and the shipment of crude oil and gas from the underground oil reservoirs to the designated sites for export or lifting, as well as all the other operations that are necessary in order to produce petroleum. Production also includes operations of transfer and abandonment of installations and oilfields;

Receipts of the National Concessionaire: the part of the profit oil belonging to the National Concessionaire as provided for in paragraph b), No. 1, Article 19 of this law, except for petroleum lifted in cases of independent risk;

Surface area charge: the tax charge calculated according to the area over which development and production activities can be carried out;

Arm's length sales to third parties: impartial sales, without favouritism, between independent oil companies on a spot or forward basis, made by sellers to non-affiliated buyers but excluding sales that involve processing agreements, exchange and set-off agreements, and also excluding any sales made by governments or national companies to national companies or governments, unless these are accepted as true commercial agreements.

Article 3

(Scope)

This law applies to all entities, both national and foreign, carrying on petroleum operations on the national territory, as well as in other territorial or international areas, over which the law or international agreements acknowledge, that the Republic of Angola has power of jurisdiction to levy tax.

Article 4

(Taxes)

1. The taxes applicable to the entities, referred to in Article 3 are as follows:

- a) Petroleum Production Tax;

- b) Petroleum Revenue Tax;
- c) Petroleum Transaction Tax;
- d) Surface Area Charge;
- e) Contribution towards the training of Angolan staff.

2. The taxes, referred to in No. 1 of this article, do not exclude the subjecting of the entities, referred to in the previous article, to other taxes or charges in addition to other levies and customs duties payable by law because of the carrying out of acts, additional or accessory to the activities stated in Article 1 of this statute, except when these are expressly exempt.

Article 5

(Independence of taxes and tax obligations)

1. In companies, joint ventures or any other forms of association, as well as in service contracts involving risk, the calculation of taxable revenue and assessment for taxes relating to each petroleum concession shall be completely autonomous, with tax obligations relating to a particular petroleum concession and any others being entirely independent of each other.

2. In production sharing agreements and with the exception of the expenses mentioned in paragraph b), No. 2, Article 23, in relation to which the provisions of the previous number shall apply, the calculation of taxable revenue and payment of the taxes relating to each development area shall be done completely autonomously with tax obligations relating to a particular development area and any others being entirely independent of each other.

TITLE II

Common Provisions

Article 6

(Determining the price of crude oil and other substances)

1. For the purpose of calculating the taxable revenue relating to the taxes referred to in this law, with the exception of the surface area charge, the crude oil produced shall be valued at the market price calculated on the basis of actual prices FOB obtained in arm's length sales to third parties in accordance with the rules laid down in the following paragraphs:

- a) The National Concessionaire and each of its associates shall submit separately to the Ministry of Petroleum at least 15 days before the start of each quarter, a report with the aim of setting out forecasts for consumption and world demand for petroleum and estimates of market prices, that can be obtained for the crude oil to be produced in the area of the respective concession during the quarter in question;
- b) Within a period of 15 days, following the end of each quarter or at a later date to be fixed by the Ministry of Petroleum, the National Concessionaire and each of its associates shall submit separately to that Ministry, formal reports containing the actual prices, obtained from the respective arm's length sales to third parties, differentiating between spot sales and forward sales. These reports shall itemise the volume of sales, purchasers, prices obtained, credit conditions, density adjustment and shall include actual calculations of volumetrically weighted average prices, on a comparable basis of density and credit conditions. The National Concessionaire and its associates may also provide any other information relating to the market, that they may consider relevant in supporting the truthfulness of the information provided;
- c) The Ministry of Petroleum shall examine the information provided, as well as any other reliable data that reflects the market conditions, and which the Ministry considers could be useful in determining an appropriate market price for crude oil sold during the quarter in question. If necessary, the Ministry could meet separately with the National Concessionaire and each of its associates, in order to discuss all the relevant information, that has been supplied or is otherwise available. The information supplied and the additional reliable data that reflect the market conditions, if such additional data exists, shall be the sole criteria used for determining the market price;

- d) The Ministry of Petroleum and the Ministry of Finance shall examine the information referred to in the preceding paragraphs and shall jointly determine the market price, which must be reported to the National Concessionaire and its associates within a period of 15 days, calculated from the date of submitting the reports mentioned in paragraph b) of this number.
- e) In the event that neither the National Concessionaire nor its associates have made any arm's length sales to third parties during the quarter, the reports by the National Concessionaire and its associates shall be restricted to information that may be relevant under market conditions. The ministries referred to previously, shall then determine the market price in accordance with the same method as described previously in paragraph c);
- f) In the case of the National Concessionaire or any of its associates, considering that the market price determined under the terms of the foregoing paragraphs does not reflect the relevant conditions, any one of them or several acting jointly, within a period of 20 days after being informed of the market price fixed, may request a second meeting separately with the Ministries of Petroleum and Finance and submit any additional information that they may consider relevant to the issue. Within a period of 10 days, calculated from the receipt of the additional information referred to above, and taking such information into account, the Ministries of Petroleum and Finance shall either proceed with a review of the decision on the market price or confirm the previous market price, with a duly reasoned explanation;
- g) If the National Concessionaire or any of its associates considers that the price determined as a result of the analysis provided for in the foregoing paragraph still does not reflect market conditions, the matter may be submitted to an independent expert, who shall be appointed within a period of 15 days, under the terms of paragraph i) of this number;
- h) The expert appointed, must prepare and submit a report on market values for the quarter in question. This report shall include the determining of a fair market price for the crude oil produced in the area in question and the decision shall be submitted to the Ministries of Petroleum and Finance for distribution to the National Concessionaire and its associates. Within 10 days, following receipt of that report, the National Concessionaire and its associates will meet with the Ministries of Petroleum and Finance in order to discuss jointly the new information so as to attempt to find a mutually acceptable price. In the event of not reaching the aforesaid agreement, in the light of the independent expert's report, the ministries must either proceed with a review of the determination of the price or confirm the price previously determined, with a duly reasoned explanation;
- i) The expert must be an individual or an independent and impartial body designated by agreement between the National Concessionaire and its associates

or, in the absence of any such agreement, appointed at the request of either of them within a period of 20 days by a qualified official of a specialist international institution. The terms of reference supplied to the expert shall require him to submit a report to the Ministries of Petroleum and Finance within 20 days of the date on which the matter was handed over to them, taking into account all the relevant information that can be supplied to him by the National Concessionaire and by its associates or by the Ministries of Petroleum and Finance, or also, the information that the expert may reasonably request from the National Concessionaire and its associates, to be provided to him from their records, or which he may obtain from other available reliable sources. Any fees and costs incurred by the international institution and the expert shall be paid by whoever submits the matter to the latter.

2. For the purpose of calculating the taxable revenue, substances, other than crude oil produced in the area of each concession, shall be valued at the actual selling price charged, unless the Ministries of Petroleum and Finance rule that the procedure outlined in the previous number should be followed, in which case due consideration will be given to the special nature of those substances and the particular conditions required to market them.

3. The procedure, provided for in the preceding numbers, shall not have a suspensive effect on any obligations binding the National Concessionaire and its associates, in relation to the State and which must be fulfilled on the basis of the price determined under the terms of paragraph d), No. 1 of this article. In the event that the market price fixed in accordance with the said paragraph is revised, any such revision shall operate retrospectively on the entire quarter in question and the obligations of the National Concessionaire and its associates shall be revised accordingly. If this revision should result in excess payments, these shall be credited against the obligations of the National Concessionaire and its associates in relation to the following quarters. If, on the contrary, payments are owed, these must be made at the Tax Office prior to payment of the respective tax by the last day of the month following the month in which the market price revision took place.

4. All reports prepared under the terms of this article, as well as the data and information contained therein, must be treated as confidential. With the exception of information that is in the public domain, the aforesaid reports may be disclosed to third parties only with the Government's written consent.

5. After determining the market price for the concession area or for each development area, where such exists, that price must be applied uniformly to all petroleum produced there during the quarter in question.

Article 7

(Accounting standards)

1. The accounting system to be used by the National Concessionaire and its associates in recording transactions and acts of fiscal relevance, must comply with the rules and methods contained in the General Accounting Plan.

2. The Finance Minister is authorized to lay down the rules to enable taxable entities covered by this statute to restate the assets and liabilities accounts and the profit and loss account, when these are affected by exchange rate devaluation, taking as a parameter the reference currency usually used in the petroleum industry.

Article 8

(Compulsory language and currency)

Returns and all accompanying documents shall always be in Portuguese and the amounts stated therein expressed in the national currency.

Article 9

(Authentication of signature)

Authentication of taxable entities' signatures is compulsory when returns are not authenticated with a rubber stamp or with their company's embossed seal.

Article 10

(Tax year)

1. The tax year for taxable entities covered by this statute shall always coincide with the calendar year and the closing of accounts at December 31 each year is compulsory.

2. Approval of the accounts referred to in the previous point, must take place by 31 March following the year to which they relate, as provided by Articles 294 and 396 of Law No. 1/04, of 13 February, the Law of Commercial Companies.

Article 11

(Exemptions)

1. Assignments of interests by the entities to which this law applies, shall be exempt from any taxes or charges in the nature of taxation that are directly related to their performance or transfer and the profit or capital gains realized, whether entered in the accounts or not and included in the general computation of profit subject to tax under the terms envisaged in this law.

2. No duties, levies, payments of a taxation nature, premiums or taxes shall be imposed on shares or any securities representing the equity capital of taxable entities to whom this law applies, as well as on the transfer of profits outside Angola or on the payment of dividends allocated in any way in relation to those shares or securities representing capital and debentures.

3. In addition, by means of legislative authorization by the National Assembly, the Government may grant exemption from the taxes provided for in this law, reductions in rates or any other amendments to the rules applicable to the

respective taxes, crude oil or natural gas projects (including its liquefaction and/or processing) when justified by the economic conditions for their exploitation.

4. Upon a duly reasoned request by the National Concessionaire, the Government may, by means of legislative authorization by the National Assembly, grant a reduction in rates or exemption from levies or taxes, as well as duty and other customs charges, due by law, on the carrying out of acts additional or accessory to the activities stated in Article 1 of this statute.

TITLE III

Taxes

CHAPTER I

Petroleum Production Tax

Article 12

(Scope)

1. Petroleum production tax shall be levied on the quantity of crude oil and natural gas measured at the wellhead and on other substances mentioned in Article 1, after deducting the quantities consumed *in natura* in the petroleum operations.

2. The deducting of the quantities consumed *in natura* in the petroleum operations can be accepted only after a favourable report from the National Concessionaire has been issued.

3. In the case of an accident or operating fault in the management of the petroleum operations caused by negligence or serious omission on the part of the

operator the quantities, that were technically capable of being produced if the accident or fault had not occurred, shall be considered as having been produced, for the purposes of this tax.

4. The petroleum and other substances referred to in Article 1, produced under the terms of production sharing agreements, are not subject to the petroleum production tax envisaged in this statute.

Article 13

(Return)

1. Taxable entities subject to petroleum production tax, must submit a return in five copies to the competent Fiscal Department, in accordance with form 1 attached.

2. After being checked and acknowledged by the competent Fiscal Department, the copies of the return mentioned in the previous number shall be circulated as follows:

- a) Two for the file of the respective department;
- b) One to the National Tax Authority;
- c) One to the Ministry of Petroleum;
- d) One to the taxable entity.

2. Taxable entities must submit the return referred to in this article within the following deadlines:

- a) In the case of interim assessment, as stated in No. 2, Article 59;

b) In the case of final assessment, during March each year.

3. In the event that no petroleum has been produced, nor any other substances described in Article 1, the taxable entity is required to declare that fact under the terms and within the deadlines stated in the preceding numbers.

Article 14

(Rate)

1. The rate of tax levied on the production of petroleum is 20%.

2. The rate stated in the preceding number may be reduced to 10% in the following cases:

a) Petroleum exploitation in marginal fields;

b) Petroleum exploitation in maritime areas with a water gauge higher than 750 m;

c) Petroleum exploitation in terrestrial areas that are difficult to access and previously defined by the Government.

3. Upon a duly reasoned request by the National Concessionaire, it shall be incumbent upon the Government to grant the reduction referred to in the preceding number.

Article 15

(Form of payment)

Payment of petroleum production tax shall be made in kind or in cash, at the option of the State.

Article 16

(Payment in cash)

1. When petroleum production tax is paid in cash, the respective rate shall be levied on:

a) The value calculated under the terms of Article 6:

a.1) Of the quantities of petroleum produced and measured at the wellhead by a method approved by the competent departments;

a.2) Of the quantities of oil capable of having been produced, in the circumstances provided for in No. 3, Article 12, calculated in accordance with the following formula:

$$P = (T / 3) - M:$$

where:

P = quantities of petroleum capable of having been produced;

T = total production during the three months immediately preceding;

M = production during the month in which the accident or fault occurred.

- b) On the quantities produced of substances other than petroleum, mentioned in Article 1, measured at the point of inspection by a method approved by the competent departments and valued at the price obtained for their sale.

2. The payment in cash of petroleum production tax should take place under the terms of Article 59 of this statute.

Article 17

(Payment in kind)

1. When, in relation to petroleum, the State has elected to collect the petroleum production tax in kind, the obligation to pay the respective revenue into the coffers of the national exchequer shall fall to the National Concessionaire, who shall undertake to receive, acknowledge receipt in full and administer the substances given in payment by the taxable entity.

2. The National Concessionaire is required to pay into the coffers of the national exchequer, within the period laid down in No. 2, Article 59, the revenue realized from the sale of the petroleum or to report, within the same period, the circumstances in which no sales were made where this is the case.

3. If payment of the tax on oil production is made under the terms of this article, the National Concessionaire must submit a return as provided for in Article 13.

4. In addition to being subject to the inspections envisaged in the regulations of the Ministry of Finance, in relation to petroleum production tax, the

National Concessionaire is required to submit annual accounts to the Audit Court for the receipt of the amount provided for in No. 1 of this article.

5. When receipt in kind is in respect of substances other than petroleum referred to in Article 1 of this statute, the State must decide to which entity those substances must be handed over and that entity must carry out the procedures provided for in this article.

6. Upon submission by the taxable entity of the receipt signed by the National Concessionaire referred to in 1 or by the entity nominated by the Government under the terms of No. 5, the relevant Tax Office must issue the taxable entity with a certificate proving discharge of its fiscal obligation.

CHAPTER II

Petroleum Revenue Tax

Section I

Scope

Article 18

(Scope)

1. Petroleum revenue tax is levied on the taxable revenue assessed under the terms of this statute and obtained in the carrying on of any of the following activities:

- a) Exploration, development, production, storage, sales, export, processing and transporting of petroleum;
- b) Wholesaling of any other products, originating from the operations referred to in paragraph a);
- c) Other activities by entities primarily involved in the carrying on of the operations referred to in paragraph a), resulting from actions that are occasional or purely accessory, providing that such activities do not take the form of trade or industry.

2. The tax referred to in this chapter, is not levied on revenue of the National Concessionaire, premiums, bonuses and excesses on the price limit obtained by the latter, under contractually established terms.

Section II

Determining taxable revenue

Article 19

(Taxable revenue)

1. Taxable revenue refers to the profit determined at the end of each financial year, in compliance with the accounting principles, possibly adjusted under the terms of this statute, and shall consist of one of the following methods:

- a) In each of the petroleum concessions, relating to the companies, joint ventures or any other forms of association and service contracts involving risk, the result of the difference between all income or gain realized and the expenditure or losses attributable to the same financial year, determined respectively under the terms of Articles 20, 21 and 22 and No. 1 of Article 23 of this law;

- b) In each of the development areas, relating to the production sharing agreements, the profit oil resulting from the deduction from the total amount of petroleum produced, of cost recovery oil and the receipts of the National Concessionaire, as laid down in the respective production sharing agreement and in accordance with the rules contained in Articles 20, 21 and 22 and No. 2, Article 23 of this statute.

2. Unless provision is made otherwise in this law, the income or gains and expenditure or losses common to different development areas in the case of production sharing agreements, and to different petroleum concessions in the case of companies, joint ventures or any other forms of association, as well as in service contracts involving risk, shall be shared respectively by the said development areas and petroleum concessions on the basis of the proportionality of the respective annual production of each development area and petroleum concession or by another method accepted by the fiscal authorities.

3. The financial year, referred to in this article, relates to the tax year mentioned in Article 10 of this law.

Article 20

(Income or gains)

1. Income or gains in the financial year shall be considered as being those originating from any transactions or operations realized as a result of an action that is normal or occasional, basic or merely accessory and in particular those resulting from:

- a) The basic activity, such as those resulting from the sale of petroleum, other substances, referred to in Article 1, goods and services, from allocations of products in kind, including by way of tax, as well as bonuses and allowances from commissions and brokerage;
- b) From additional or accessory activities, including those of a social and assistance nature;

- c) From income from assets or securities kept in reserve or for use, including income and rentals;
- d) From transactions of a financial nature, such as interest, dividends and company profits, discounts, premiums, transfers, exchange rate fluctuations and bond issue premiums;
- e) From remuneration obtained by holding positions in other companies;
- f) From income from industrial and intellectual property or similar;
- g) From providing services of an administrative, commercial, technical and research nature.

2. The following are also considered as being income or gains:

- a) The value of buildings, equipment or other investment property, produced and used in the company itself, in the same amount as the respective charges are considered to be expenditure in the year;
- b) Indemnification, that in some way represents compensation for income or gains that have not been obtained, as well as the capital gains made, whether entered in the accounts or not, the profit obtained from the assignment of interests and any positive asset variations not reflected in the results;
- c) Deferred income, relating to the negative difference (badwill) between the acquisition value and the value of the costs to be recovered in addition to the net value of the remaining assets. This income will be taxed in the exact proportion in which the adjacent costs are recovered.

3. Under the terms of this article, the following are also considered as being fiscal income:

- a) The gross receipts from any insurance compensation;
- b) Any adjustments or allowances by manufacturers, suppliers or their agents, received by taxable entities and their affiliates in relation to

faulty goods of which the cost has previously been considered as a fiscal cost under the terms of Article 21;

- c) Income received from third parties for the use of the property and assets acquired by the taxable entities for use solely in petroleum activities;
- d) Revenue, reimbursements, other credits, as well as compensation of any kind, in particular that resulting from a judicial ruling or arbitral award, received by taxable entities.

Article 21

(Deductible expenditure or losses)

1. Within the limits, considered as reasonable by the Ministry of Finance, taking account of the practices that are common within the international petroleum industry and applicable Angolan legislation, expenditure or losses shall be deemed to be imputable to the financial year if it has become essential to incur them in order to obtain profit or gain subject to tax and in order to maintain the source of production, in particular the following:

- a) Expenses relating to the basic, accessory or additional activity relating to the production or acquisition of any goods or services such as:
 - l) Payroll expenses, which include:
 - i) All wages and salaries including gratuities and bonuses for workers employed by taxable entities and directly involved in the petroleum operations, providing that such payments are justified by job sheets, which shall record the time spent by staff on petroleum operations full-time, part-time and by project;
 - ii) Expenditure relating to holidays, public holidays, overtime, sickness and incapacity pay, applicable to wages and salaries imputable under the terms of the previous number;

- iii) Tax payments and other charges of a social nature applicable to wages and salaries imputable in accordance with the provisions laid down in No. i) above, due by entities, subject to this tax, under the terms of the applicable law;
- iv) Expenditure of a social nature benefiting the workers of the taxable entity, providing that such expenditure is approved by the Ministry of Petroleum;
- v) Expenditure by taxable entities on training schemes for Angolan staff involved in the petroleum operations or other training schemes, providing that they are approved by the Ministry of Petroleum;
- vi) Expenditure related to plans made for life insurance, medical treatment, pensions, other privileges or employment benefits of a similar nature, providing that they are granted to the workers of the taxable entity under the terms of their internal policies approved by the Ministry of Petroleum and applicable Angolan legislation;
- vii) Expenditure considered reasonable in respect of travelling, accommodation and subsistence and workers' personal expenses, including those resulting from travel and the relocation of non-resident workers involved in the petroleum operations carried out by taxable entities in the Republic of Angola, providing that they are in harmony with normal practice in the international petroleum industry and in accordance with applicable Angolan legislation;
- viii) The travelling expenses of families of workers paid by taxable entities in accordance with their internal policies and practices for staff travel, which must conform with normal practice in the international petroleum industry and applicable Angolan legislation;
- ix) Travel expenses inherent in the return to their countries of origin of non-resident workers and their families.

II) The costs of materials in accordance with the following rules:

- i) New or used materials obtained for use in petroleum operations, valued at the invoice price less all commercial discounts and

allowances, costs relating to insurance, freight and handling between the point of supply and the point of destination, customs duties, levies, taxes and other dues applicable to imported goods.

Paragraph 1 - In the case of goods purchased from third parties, their value must not exceed the prices that generally prevail on the free market in impartial transactions, without favouritism for goods of the same quality available in good time, taking account of freight and other similar costs.

Paragraph 2 - In the case of goods purchased from affiliates of the National Concessionaire or taxable entities, their cost, for comparable goods must be either the cost price for such affiliates or the price generally prevailing on the open market in impartial transactions, without favouritism, whichever is lower.

- ii) New or used goods for use in petroleum operations shall be considered as a fiscal cost only in so far as they are consistent with an operation that is prudent, efficient and economic, reasonably necessary in the foreseeable future and providing that the holding of excess stock is avoided.

III) Charges for services that include:

- i) Contracts with third parties, being understood as such, the actual costs of contracts for technical services and others executed within the scope of petroleum operations by taxable entities with third parties not affiliated to them or the National Concessionaire, providing that the prices paid by the taxable entities are competitive compared with those generally charged on the international or local market for similar works or services;
- ii) Technical and administrative assistance services within the scope of petroleum operations carried out by an affiliate of the National Concessionaire or taxable entities under the terms laid down in the respective contract;

- iii) Other services provided by taxable entities or their affiliates, providing that the prices are not higher than the most favourable prices charged by third parties for similar services.
- IV) The cost of transporting materials and provisioning necessary for the execution of the petroleum operations;
- b) Charges of an administrative nature relating to overhead and administrative expenses incurred in Angola by taxable entities as operators, relating to maintaining their offices, support facilities for petroleum operations and housing attached to this;
 - c) Depreciation and amortisation of costs under the terms provided for in Article 23;
 - d) Rentals paid to third parties for the use of real estate necessary for the carrying out of the petroleum operations;
 - e) The cost of risk management services for the petroleum operations contracted under the terms of Decree No. 39/01 dated June 22 of the respective regulatory statute and applicable Angolan legislation. Included in these costs are all expenses relating to risk financing, setting up pension funds and abandonment funds.

Paragraph 1 - The costs or losses suffered as a consequence of accidents or damage that occurred during petroleum operations, shall be tax deductible only in relation to the part not covered by insurance contracts executed under the terms stated.

Paragraph 2 - If the risk management activities are not implemented under the terms stated previously, all the costs borne in the payment of any losses, claims, damage or judgements, as well as any expenditure, including the provision of legal services, shall not be fiscal costs.

- f) Expenses arising from legal action, legal services and other similar services necessary or appropriate for obtaining, retaining and protecting the area of the concession, as well as legal services and other similar

services incurred in bringing or defending legal actions or claims relating to the petroleum operations.

Sole paragraph - When the legal services are provided in relation to the matters described in paragraph f) by the staff lawyers or retained lawyers of an affiliate of the taxable entity, the respective costs shall fall within the scope of technical and administrative assistance as stated in ii) of III, paragraph a), No. 1 of this article;

- g) The loss and damage suffered during the financial year, that is not subject to being covered or compensated by insurance or in any other form, providing that they do not result from serious omission, gross negligence or fraud by the taxable entity or by whoever may be acting on its behalf.
- h) Expenses relating to cleaning and reinstating the environment, providing these do not result from serious omission, gross negligence or fraudulent action by the taxable entity or by those acting on behalf of the latter and if incurred in accordance with current legislation;
- i) All duties, contributions, charges, taxes or any other obligation in the nature of taxation related to the petroleum operations, due and paid by the taxable entity, except for petroleum revenue tax;
- j) Losses arising from claims for compensation against the taxable entity, in particular destruction or inventory discrepancies during the financial year, resulting from random events, where the risk was uninsurable and not resulting from serious omission, gross negligence or fraudulent action by the taxable entity or by those acting on behalf of the latter;
- k) Bad debts resulting from the taxable entity's normal activity, when acknowledged as such by a competent court.

2. After prior authorization by the Ministers of Finance and Petroleum, interest and other charges relating to loans and financing actually paid, intended for petroleum operations of development and production, when contracted with banks or credit institutions situated within the national territory, may also be accepted as fiscal costs.

3. Except where provided for in Article 22, the following may also be accepted as fiscal costs where their amounts are reasonable and approved by the National Concessionaire:

- a) Donations for purposes of a social, educational, cultural and scientific nature;
- b) Expenses related to social events promoted by the taxable entity;
- c) Expenses incurred prior to the date of signing the contract, executed between the National Concessionaire and its associates;
- d) Promotion and advertising expenses;
- e) Costs arising from contracts for the supply of materials and equipment or from the provision of services by the operator, beyond the limits of their competence, delegated under the terms of the respective contract without the prior authorization of the National Concessionaire;
- f) Costs arising from the automatic renewal of the contracts, described in the preceding paragraph, without the prior authorization of the National Concessionaire;
- g) Expenses relating to the laytime of tankers;
- h) Overhead and administrative expenses of taxable entities, who are not operators, incurred by setting up and running their offices in Angola, under the terms to be regulated by the Ministries of Finance and Petroleum;
- i) Own costs or expenses when carried out outside Angola.

4. Where they relate to annual charges, the allowances or deductions referred to in this article, are only those in connection with the year to which the accounts relate.

Sole paragraph - This rule excludes allowances or deductions for calculating cost recovery oil, when because of the limit set in the respective production sharing agreement, these costs cannot be recovered in full during the year in which they were incurred.

5. Under no circumstances, shall fiscal deductions be accepted that constitute duplication in relation to the other deductions already considered in the preceding paragraphs of this article.

Article 22

(Non-deductible losses or expenditure)

1. The following losses or expenditure are not considered as being deductible:

- a) Expenses incurred by serious omission, gross negligence or fraud by the taxable entity or by those acting on behalf of the latter;
- b) Commission paid to brokers;
- c) Expenses relating to marketing or transporting petroleum beyond the port of delivery;
- d) The expenses relating to any guarantee provided under the terms of the contract executed with the National Concessionaire;
- e) Compensation, fines or penalties incurred because of breach of legal or contractual obligations;
- f) Expenditure incurred by arbitration proceedings, except when brought to protect petroleum operations;
- g) Expenditure relating to an independent expert, who may be brought in for the purpose of determining the price of the oil;
- h) Petroleum revenue tax;
- i) Offers or donations, except those made to the State or other bodies when proceeding with the purposes mentioned in paragraph a), No. 3, Article 21, of this statute;

- j) Interest and other charges relating to loans and financing, except those contracted under the conditions stated in No. 2 of the preceding article;
- k) Expenses incurred in connection with legal services, except those specifically provided for in paragraph f), No. 1, Article 21;
- l) Losses and expenditure resulting from the failure to implement risk management activities under the terms of Decree No. 39/01 dated June 22 of the respective regulatory statute and applicable Angolan legislation;
- m) Expenses relating to training expatriate staff and training programmes that do not comply with the terms required in the applicable legislation;
- n) Losses and expenditure arising from the inadequate observance of the guarantee conditions, as well as those resulting from the acquisition of goods that do not offer a guarantee from the supplier, manufacturer or agent against defect in accordance with the practice generally followed in the petroleum industry;
- o) Losses and expenditure arising from decline in value of the goods not used in the petroleum operations;
- p) Overhead and administrative expenses incurred outside Angola that do not fall within the scope of the technical and administrative assistance mentioned in ii), III, paragraph a), No. 1 of Article 21;
- q) Any tax or contributions due in any respect by resident and non-resident workers in Angola;
- r) Travel and other expenses incurred in moving workers from their place of origin or their use in other operations outside Angola;
- s) The consideration offered to the State or the National Concessionaire for attributing the capacity of associate of the National Concessionaire.

2. The following losses and expenditure are also considered as being non-deductible:

- a) Sums recorded by way of funds, provisions and reserves, except if authorized by the Government;
- b) Depreciation and amortisation that exceeds the limits fixed in Article 23;

- c) Debts considered as being bad, unless a judgment has become final in which the respective debtors have been declared insolvent or bankrupt;
- d) Duty and other customs import taxes due in relation to articles sold and those that are exempt;
- e) Tax on earnings in employment and other tax on earnings that is levied on remuneration of any kind paid to directors, executives, managers, members of the Board of Statutory Auditors, workers and others who work for the taxable entity if the latter takes their place in paying such taxes;
- f) The costs of legal expenses for any arbitration to settle a dispute between the National Concessionaire and its associates;
- g) Costs that may arise from damage caused by serious omission, gross negligence or fraud by the taxable entity or those acting on its behalf;
- h) Compensation paid to the National Concessionaire under a penalty clause;
- i) Interest paid to partners even in relation to cash contributions;
- j) Amounts relating to gratuities, offers, privileges, salaries or fees attributed to partners or shareholders of the taxable entity, where such payments exceed the highest remuneration paid to workers who are not partners;
- k) Expenses of a personal nature of partners or shareholders of the taxable entity;
- l) Representation expenses, even if recorded under any other heading and duly documented, where the fiscal administration considers them to be excessive.

Article 23

(Assessment of fiscal costs)

1. The assessment of fiscal costs in order to determine taxable revenue in companies, joint ventures or any other forms of association, as well as in service contracts involving risk, shall proceed in accordance with the following rules:

- a) The following costs shall be depreciated or amortised at the single rate of 16.666% from the start of the year in which they are incurred or the year in which the first commercial production of petroleum took place, whichever occurs later:
 - i) Costs relating to exploration operations, including the cost of test-boring dry or productive wells, of crude oil or natural gas and the cost of services provided by third parties;
 - ii) Costs relating to drilling development wells, including those connected with services provided by third parties;
 - iii) Costs relating to facilities for production, transport, stocking and support for such activities, including services provided by third parties;

Paragraph 1 - The value of movable and immovable property on which is determined the value of deductions for wear and tear or disuse and the value of deductions for immovable property that has been destroyed and not covered by insurance, shall be the original cost of the same in addition to the sum of subsequent acquisitions of the same type, including major repairs and reduction on account of loss, damage and destruction suffered and from wear and tear, depreciation and disuse already accepted and taken into account in previous years;

Paragraph 2 - If at any time, the National Concessionaire should acquire free of charge the ownership of any assets that are jointly owned with its associates and which are not fully depreciated, those assets shall be depreciated but only in the proportion of their former share in the ownership of the same and in relation to the value not depreciated at the date of acquisition;

- iv) Charges relating to the assignment of interests by the National Concessionaire's associates in relation to the difference between the acquisition price and the value of the capitalized costs in addition to the

net value of the remaining assets (transfer value or goodwill), providing that that difference has been taxed in the transferor's environment.

- b) The charges relating to the period prior to the year in which production started, will be accumulated and capitalized in that year with the annual value of their depreciation being calculated at a single rate of 25% throughout a four-year period calculated from January 1 of the said year;
- c) When at each year-end it is found that the total outlay and expenditure, that according to this article, is allowed to be deducted in calculating the net taxable revenue in the year, exceeds the gross annual income obtained from the operations mentioned in Article 20, that surplus shall be carried forward to the following years and considered in them as an additional deduction to the calculation of net taxable revenue. That additional deduction, must be taken into account, as far as possible, during the first subsequent tax year and, in the event that it cannot take place during that year, in the following tax year and so on successively, but shall not exceed five years and can take place only providing that it is ascertained by means of the accounting system used, that those amounts have not already been deducted in some other way.

2. The assessment of fiscal costs, for the purpose of determining taxable revenue, in production sharing agreements, shall be carried out in accordance with the following rules:

- a) The lifting and free availability of cost recovery oil, is limited each year to a maximum percentage of the total quantity of petroleum produced and deposited in each development area, as laid down in the respective production sharing agreement;
- b) Exploration expenses will be recoverable from the unused balance of cost recovery oil in each development area, after recovering production expenses, development expenses and expenses relating to administration and services, subject to the maximum quantity of cost recovery oil stated in the preceding paragraph. In each year, exploration expenses will be recoverable, in the first place, from any balance of cost recovery oil obtained from the development area in which there has been the most recent commercial discovery and afterwards, any balance of the total

exploration expenses not yet recovered will be recoverable from the development areas with dates of commercial discovery that are successively more recent. Exploration expenses will not be recorded in the accounts as a fixed asset and therefore will not be depreciated;

- c) Development expenses will be recorded in the accounts in the following way:
 - i) Development expenses in each development area will be recovered only from the cost recovery oil in that development area. These expenses will be recorded as a fixed asset and their value, including the investment premium laid down in the respective production sharing agreement, will be depreciated at a rate of 25% per annum, starting in the year in which they were incurred or starting in the year in which petroleum started to be exported from the development area, whichever occurs later;
 - ii) In the case of development expenses relating to specific works or projects, whose construction or execution continues for more than one year, the depreciation of such expenses will only start in the year of their completion and their classification as fixed assets will take place then;
 - iii) Development expenses common to more than one development area, will be distributed among the said development areas based on the proportionality of the annual production of each development area, following the respective allocation of expenses relating to administration and services under the terms stated in paragraph e) of this article;
- d) Production expenses shall be recorded in the accounts in the following way:
 - i) Production expenses in each development area will be recovered only from the cost recovery oil from the same development area and will be accounted for as charges in the year;
 - ii) Production expenses common to more than one development area shall be distributed among the said development areas, based on the proportionality of the annual production of each development area, following the respective allocation of expenses relating to administration and services under the terms stated in paragraph e) of this article;
 - iii) Production expenses may include a provision for the costs of abandonment of which the limits will be calculated and recorded in the

accounts, according to the rules laid down in the contracts executed between the National Concessionaire and its associates;

- e) The expenses relating to administration and services will be recorded in the accounts as follows:
 - i) The portion of the administration and services expenses relating to the construction or acquisition of facilities or any physical assets for the logistical and generic administrative support for the activities of exploration, development and production, which by their specific nature high value or slow extinguishment are liable to be capitalized, will be recorded in the accounts as a fixed asset;
 - ii) The expenses referred to in the preceding number, will be depreciated at the rate of 25% per annum, starting in the year in which they were incurred or starting in the year in which petroleum started to be exported from the development area, whichever occurs later;
 - iii) In the case of administration and services expenses, relating to specific works or projects, whose construction or execution continues for more than one year, the depreciation of such expenses will only start in the year of their completion and their classification as fixed assets will take place then;
 - iv) Expenses relating to administration and services that cannot be accounted for as fixed assets because of their value, intangibility or rapid extinguishment by consumption, will be accounted for as charges in the year;
 - v) For the purpose of assessing the deductible fiscal costs in order to determine the taxable revenue, expenses relating to administration and services, shall be allocated each year to expenses relating to exploration, development and production, as follows:
 - i) The amount of the annual depreciation of administrative and services expenses recorded in the accounts as a fixed asset under the terms of this paragraph, is allocated to exploration, development and production expenses in proportion to the direct annual expenses in each of those activities;
 - ii) The amount of the expenses relating to administration and services accounted for as charges in the year in accordance with

- IV) in this paragraph, shall be allocated to exploration, development and production expenses in accordance with the method described in the preceding number;
- iii) The allocation to administration and services expenses according to the preceding numbers, will be considered as an indirect cost of the activities of exploration, development and production;
- iv) For the purpose of fiscal deduction of development expenses, the allocation of the depreciation of the administration and services expenses recorded as a fixed asset, will be added to the direct expenses of development and the total multiplied by the investment premium mentioned in I), paragraph c), No. 2 of this article;
- f) Materials purchased by the taxable entity for carrying out a work programme and budget in each year and not immediately utilized in the petroleum operations in the respective concession area, shall be recorded in the accounts under the heading of stock and allocated to the activities of exploration, development, production, administration and services only in the proportion of their actual use or consumption to the benefit of the petroleum operations;
- g) Materials classified by the taxable entity as strategic spare parts, constituting back-up provisioning in order to ensure the satisfactory performance of the petroleum operations, shall be allocated to expenditure on exploration, development, production, administration and services in accordance with the terms laid down in the respective production sharing agreement;
- h) The charges related to transfers of interests by the National Concessionaire's associates in relation to the difference between the acquisition price and the value of the costs to be recovered, in addition to the net value of the remaining assets (transfer value or goodwill), shall be considered as being development expenses and as such recorded in the accounts, however without applying any investment premium as laid down in the respective production sharing agreement, providing that that difference has been taxed in the transferor's environment;
- i) Insofar as the limit of cost recovery oil in a particular year is insufficient to enable the full deduction of recoverable costs in the year in question, in accordance with the terms of the respective production sharing agreement, the portion of the costs not recovered in relation to that year will be carried forward to subsequent years;

- j) In the event that there is insufficient oil to recover the expenditure incurred in a particular concession, such expenditure would remain unrecovered;
- k) If at any time the National Concessionaire should acquire free of charge ownership of any assets that were jointly owned with their associates and which are not fully depreciated, those assets shall be depreciated but only in the proportion of their former share in the ownership of the same and in relation to the value not depreciated at the date of acquisition.

Article 24

(Ledgers)

1. Taxable entities covered by this statute are required to keep their ledgers, in accordance with the terms laid down in commercial legislation and other applicable accounting legislation.

2. In preparing the ledgers, referred to in the preceding number, delays longer than ninety days are not permitted.

3. Taxable entities may be exempted from being bound to keep ledgers as required by this article, providing that they submit to the competent tax authority the appropriate accounting information, signed and dated by two members of staff at managerial level so that it may authenticate it.

4. The accounting information authenticated under the terms of the previous number, shall be filed by the taxable entities and shall have the same value as the ledgers they replace, for the purposes of the terms of this statute.

5. Providing that the appropriate procedure is authentication of accounting information, stamp duty shall not be payable.

6. Taxable entities must organize and retain their ledgers so that it is possible to ascertain unequivocally and monitor the taxable revenue, fully observing the provisions of this statute.

7. By executive decree, the Minister of Finance may make compulsory the existence of certain ledgers, documents or other information from the accounts, as well as compliance with certain regulations concerning their storage.

Article 25

(Centralization of accounting)

The centralization at the head office or headquarters in Angola of the accounting, in respect of all transactions carried out at the head office, branches, subsidiaries or district offices of taxable entities, is obligatory and the principle of the independence of the taxes and tax obligations stated in Article 5 of this statute must be observed.

Article 26

(Tax return)

1. For the purpose of assessing the taxable revenue in relation to petroleum revenue tax, taxable entities are obliged to submit to the competent tax authority and within the deadlines stated overleaf, a return in six copies in accordance with forms 1, 2, 3, 4 and 5 attached, in order to pay the taxes, provided for in this statute, except for the contribution for training Angolan staff:

- a) During March each year in the case of final payment;
- b) In the case of interim payment, as provided for in No. 2, Article 59.

2. After being checked and received by the relevant Tax Office, the copies of the return, referred to in the preceding number, should be sent to the following recipients:

- a) Two to be filed in the respective department;
- b) One for the National Revenue Directorate;
- c) One for the Ministry of Petroleum;
- d) One for the National Concessionaire;
- e) One for the taxable entity.

3. The tax return, mentioned in the preceding number, must be signed by the taxable entity and by the respective accountant, registered with the representative body of accountants and expert accountants, who shall initial the documents accompanying it, and authenticated with the taxable entity's stamp or embossed seal.

4. Any returns that are not signed or initialled, under the terms stated previously, will be rejected without prejudice to the sanctions laid down for non-submission.

5. When the return and the accompanying documents are not considered to be sufficiently clear, the relevant Tax Office shall inform the taxable entity in order that they can provide the essential explanations in writing within a specified period that shall be no longer than 15 days.

Article 27

(Annexes to the tax return)

1. The return, referred to in the preceding article, shall be accompanied by the following documents:

- a) Financial statements prepared in accordance with the General Plan of Accounts, duly audited by an expert accountant, registered with the representative body of accountants and expert accountants;
- b) List of the permanent representatives, directors, managers and members of the Board of Statutory Auditors;
- c) Copy of the minutes of the meeting or assembly, approving the accounts or when they must be approved by other means for legal purposes, a document certifying that approval;
- d) Trial balances verifying the general ledger, before and after entries for the purpose of rectification or regularization and determining the year-end results;
- e) A current account, by sections, of movable and immovable property, showing their initial cost, subsequent increases, allowances for wear and tear, decline in value and disuse already taken into account in previous years and those in the year to which the declaration relates, all duly itemised;
- f) A list, by product, of all sales itemised, for the domestic market and exports during the year to which the return relates, consisting of the following columns:
 - i) The date of recording the sale;
 - ii) The month to which the sales relate;
 - iii) The monthly quantity of the product sold (according to the metric decimal system);
 - iv) The unit price of the sale (in national currency and US dollars and metric decimal system);
 - v) The value of the sale (in national currency and US dollars and metric decimal system);
 - vi) A list with a breakdown of the amounts and their headings considered as charges in the taxable entity's accounts but where, in compliance with the provisions of Article 22, the gross income has not been deducted in the tax return submitted.

- g) A technical report which, based on itemised charts, should contain brief comments on the following:
- i) Depreciation and amortisation entered in the accounts, stating the method used, the rate applied and the initial and current values of the different elements they affect;
 - ii) Changes that have taken place in stock in all categories and the criteria that governed the principles of its valuation;
 - iii) The provisions established or the amendments made to them;
 - iv) Bad debts declared;
 - v) Capital gains realized or recorded in the accounts and profits from transfers of interest;
 - vi) General administrative expenses with special reference to remuneration of any kind, paid to the management, as well as all expenses relating to representation incurred during the financial year;
 - vii) Changes in the criteria for allocating costs or profit to the different activities or establishments of the taxable entity;
 - viii) Other expenses, incurred by the taxable entity, in connection with the petroleum operations, as well as those relating to their general functioning and in particular those arising from debts subject to legal action outside Angola;
 - ix) Other information considered to be of relevance for the correct assessment of the taxable revenue and clarification of the balance sheet and the year-end results, particularly if these do not contain the accounts that are necessary for a thorough analysis of the profits or gains and the profits and losses.

2. If the accounts have not been approved, the taxable entity may apply to the head of the relevant Tax Office for an additional period of grace of not longer than 30 days, for the purpose stating the reasons for the delay. If the accounts have been approved judicially, the taxable entity must submit a document corroborating this fact.

Article 28

(Assessing taxable revenue)

1. The assessment of taxable revenue for the purpose of the petroleum revenue tax, shall be carried out by the Determination Committee described in the following article, based on the return by the taxable entity and the accompanying documents.

2. The Assessment Committee, mentioned above, should be constituted by the relevant Tax Office.

Article 29

(Assessment Committee)

The taxable revenue for the purpose of petroleum revenue tax shall be assessed without fail by June 30 of the second year, following the financial year to which it relates, by a committee comprising the following members:

- a) The head of the relevant Tax Office, who shall chair the committee and have a casting vote;
- b) A senior accounting inspector appointed by the Ministry of Finance and nominated by the National Finance Inspector, who will be the delegated member of the Ministry of Finance;
- c) The representative of the taxable entity, who will be its delegated member, to be nominated by it at the time of submitting its tax return.

Article 30

(Jurisdiction of the Assessment Committee)

1. In the exercising of its functions and in relation to the analysis of the returns and documents submitted by the taxable entity, the Assessment Committee, supported by an audit report on the tax returns, shall assess the taxable entity's taxable revenue, confirming the following points, among others:

- a) In relation to the annual gross income:
 - i) Whether the annual gross income declared in relation to sales abroad, is based on the market price calculated according to the terms of the present law. On the assumption that the income declared has taken as a basis prices that are lower than the market price, the Assessment Committee will proceed to rectify this in accordance with the outcome if the market price had been used;
 - ii) In relation to the gross annual income in terms of sales to the domestic market, if the difference in value, taking account of the current wholesale price of the substances on the domestic market, their quantity and quality, the duration of the sales contract and other conditions stated in this, should exceed by 10% the maximum acceptable difference between the value of the substances on the domestic market at current wholesale prices and that which was recorded in the taxable entity's accounts - the returns shall be rectified accordingly.

- b) In relation to deductions from the gross annual income, checking that these comply with the provisions of Articles 22 and 23 and if they do not, removing the deductions made by the taxable entity that cannot be legally accepted for the purpose of assessing the taxable revenue.

2. After having carried out the operations, referred to in the preceding number and having rectified the amounts stated by the taxable entity in its return, the Assessment Committee must assess the net taxable revenue that is liable to tax.

Article 31

(Functions of the Chairman of the Assessment Committee)

1. In his capacity as Chairman of the Assessment Committee, the head of the Tax Office shall call meetings of this committee and direct its work.

2. Minutes shall be taken of all sessions and recorded in a special book, which shall be kept by an employee to be appointed by the head of the Tax Office.

Article 32

(Decisions by the Assessment Committee)

1. The decisions of the Assessment Committee shall be taken by a majority of votes.

2. The members shall always be summoned to meetings in writing, at least twenty days in advance, in order to take part, informing them of the date and time of such meetings.

3. If any of the members should fail to attend at the appointed time, the meeting shall be postponed by one hour after the time initially stated. If the meeting of the Assessment Committee is held without the presence of the member, the decisions taken cannot be contested on the grounds of his absence.

Article 33

(Notification of decisions taken by the Assessment Committee)

The head of the Tax Office shall inform the taxable entity of the assessment of the taxable revenue within 15 days of the completion of the deliberations of the Assessment Committee.

Article 34

(Review Committee)

1. The taxable entity may submit a claim to a Review Committee within thirty days calculated from the date of receiving the notification in relation to the assessment of the taxable revenue, announced by the committee mentioned in the preceding article.

2. The Review Committee shall be made up of the following entities:

- a) The National Director of Taxes, who shall be chairman and shall have a casting vote;
- b) One representative from the Ministry of Petroleum in his capacity as a delegated member;
- c) Two representatives of the taxable entity in their capacity as delegated members to be nominated by the latter when submitting their claim.

3. The Review Committee shall function at the National Directorate of Taxes and shall be assisted by an employee appointed by the National Director of Taxes who shall carry out the duties of secretary, being responsible for drafting the minutes and producing the files necessary for the entire proceedings, which will be considered confidential.

Article 35

(Submission of the claim)

1. The claim should be delivered to the Tax Office where the Assessment Committee's decision was pronounced. The respective head of the department shall ensure that it shall be submitted in confidence within one week to the National Director of Taxes, accompanied by all the information relating to the assessment.

2. The claim and the accompanying documents are subject to stamp duty and shall be signed by the applicant themselves.

Article 36

(Convening of the Review Committee)

1. After receiving the claim, the chairman of the Review Committee shall set a date and time for the meeting and send the necessary notifications to the delegated members.

2. The provisions in Nos. 2 and 3 of Article 32 are applicable to the Review Committee.

Article 37

(Powers of the Review Committee)

1. It is within the powers of the Review Committee to assess and take a decision on the facts claimed, rectifying or confirming them and finally assessing the applicant's taxable revenue.

2. The terms stated in No. 1, Article 32 shall be observed in relation to the Review Committee's decisions.

Article 38

(Deadline for decisions by the Review Committee)

Claims submitted to the Review Committee must be decided without fail by December 31 of the second year, following the financial year to which they relate.

Article 39

(Notification of the Review Committee's decisions)

1. The National Director of Taxes shall notify the taxable entity of the decisions taken within ten days calculated from the date of the decision.

2. If a request for a review is totally dismissed, the taxable entity shall pay, by way of administrative costs, a sum no greater than 5 per cent of the amount rejected.

Article 40

(Contentious appeal)

1. There shall be no grounds for any claim in relation to the decision of the Review Committee referred to in the preceding articles or for any appeal against the amount of the taxable revenue assessed but where there is disregard for legal formalities or error in the interpretation of the legal rulings resulting in harm to the State or the taxable entity, the Public Prosecution Service or the taxable entity may, within a period of thirty days, appeal to the competent court which, if the appeal is allowed, may order the assessment procedure to be repeated but not amend the sum assessed.

2. The time limit for lodging this appeal shall run from the date of notification stated in Article 39.

3. Total dismissal of the appeal by the court shall render the appellant liable to pay costs of an amount equivalent to five per cent of the value in question, without prejudice of any other judicial costs that may be legally due.

4. The appeal to the court does not suspend the taxing of the taxable entity.

5. If as a result of the appeal by the taxable entity, a new assessment procedure takes place, an annulment should be issued on the latter's behalf or an additional payment should be made, as appropriate.

Section III

(Rate)

Article 41

(Rates)

The rates of petroleum revenue tax are as follows:

- a) In the case of the National Concessionaire, not associating with any entity, and also in companies, joint ventures or any other form of association and service contracts involving risk executed with the National Concessionaire, the rate is 65.75%;

- b) In production sharing agreements, the rate is 50%.

Section IV

(Payment)

Article 42

(Payment)

Payment of petroleum revenue tax should take place in accordance with the terms of Article 59 of this statute.

Section V

(Tax incentives)

Article 43

(Investment premiums)

1. In addition to the incentive mentioned in No. 1), paragraph c), No. 2 of Article 23, at the duly substantiated request of the Ministries of Petroleum and Finance, the Government may approve the allocation of investment premiums, in the amounts and subject to the conditions stated in the respective concession agreements.

2. The incentives proposed by the Ministries of Petroleum and Finance, mentioned in the preceding number, must be submitted to them by the National Concessionaire and comply with the following criteria:

- a) Cost-effectiveness of the contract;
- b) Geological potential of the concession.

CHAPTER III

Petroleum Transaction Tax

Article 44

(Scope)

Petroleum Transaction Tax will be levied on the taxable revenue, calculated according to the terms of paragraphs a) and b) of No. 1 of Article 23 of this statute and shall also comply with the rules provided for in the following articles.

Sole paragraph - Petroleum produced in accordance with production sharing agreements is not subject to the petroleum transaction tax contained in this statute.

Article 45

(Deductible charges)

1. In addition to the deductible costs and losses provided for in Article 21, it will be permissible to deduct the following charges when calculating the taxable revenue:

- a) A production premium on the volumes of crude oil and liquid gas included in the calculation of gross revenue;

- b) An investment premium that will correspond with a given percentage of the sums invested and capitalized during each tax year from January 1 of the year in which production began.

2. The production premium and the investment premium are laid down in the respective concession agreements.

Article 46

(Non-deductible costs)

In addition to the non-deductible costs or losses provided for in Article 22, the deduction of the following charges, when calculating the taxable revenue, shall not be permitted:

- a) Petroleum production tax;
- b) Petroleum transaction tax;
- c) Surface area charge;
- d) Contribution towards training Angolan staff;
- e) Financing costs, including interest and other charges.

Article 47

(Return)

1. Taxable entities, subject to petroleum transaction tax, should submit to the relevant Tax Office a return in six copies in accordance with form 3 attached.

2. After being checked and received by the relevant Tax Office, copies of the return referred to in the preceding number shall be circulated as follows:

- a) Two for the file of the respective office;
- b) One to the National Directorate of Taxes;
- c) One to the Ministry of Petroleum;
- d) One to the National Concessionaire;
- e) One to the taxable entity.

3. Taxable entities should submit the return, referred to in this article, by the following deadlines:

- a) In the case of interim payment, as provided for in No. 2 of Article 59;
- b) In the case of final payment, during March each year.

Article 48

(Rate)

The rate of Petroleum Transaction Tax is 70%.

Article 49

(Payment)

Payment of Petroleum Transaction Tax should be made in accordance with the terms of Article 59 of this statute.

CHAPTER IV

Surface Area Charge

Article 50

(Scope)

The Surface Area Charge is levied on the concession area or on the development areas, where the contract executed under the terms of the Petroleum Activities Law makes provision for it.

Article 51

(Return)

1. Taxable entities liable to the Surface Area Charge should submit to the relevant Tax Office a return in six copies in accordance with form 4 attached.

2. After being checked and received by the relevant Tax Office, copies of the return, referred to in the preceding article shall be circulated as follows:

- a) Two for the file of the respective office;
- b) One to the National Directorate of Taxes;

- c) One to the Ministry of Petroleum;
- d) One to the National Concessionaire;
- e) One to the taxable entity.

3. Taxable entities should submit the return, referred to in this article, within the deadline specified for the payment provided for in Article 53.

4. Together with the return provided for in No. 2 of this article, taxable entities shall submit a document issued by the National Concessionaire, certifying the dimension of the area that is liable to the Surface Area Charge.

Article 52

(Assessment)

The Surface Area Charge is levied in an amount equivalent to USD 300.00 per square kilometre in national currency and is payable by associates of the National Concessionaire.

Article 53

(Payment)

The Surface Area Charge shall be paid annually to the relevant Tax Office on the following dates:

- a) In the case of concessions where the existence of development areas is not envisaged, during the month, following that of the allocation of the respective concession;

- b) In the case of concessions where the existence of development areas is envisaged, during the month, following that of the declaration of each commercial discovery.

TITLE IV

Other Taxes

CHAPTER I

System for the National Concessionaire

Article 54

(Items received by the National Concessionaire)

1. The National Concessionaire must pay the General State Budget the revenue originating from items received by the National Concessionaire.

2. The National Concessionaire may withhold up to 10% of the revenue mentioned in the preceding number, in order to meet expenses relating to inspecting and monitoring their associates and the petroleum operations.

3. For the purposes set out in the preceding number, the National Concessionaire must submit to the relevant Tax Office a return in five copies, in accordance with form 5 attached, in respect of profit oil received, as well as a breakdown of expenses that are essential for the effective inspection and monitoring of its associates and the petroleum operations.

4. After being checked and received by the relevant Tax Office, the copies of the return mentioned in the preceding number, should be sent to the following recipients:

- a) Two to be filed in the respective office;
- b) One for the National Directorate of Taxes;
- c) One for the Ministry of Petroleum;
- d) One for the National Concessionaire.

5. The National Concessionaire should submit the return, referred to in this article, within the following deadlines:

- a) In the case of interim assessment, as provided for in No. 2, Article 59;
- b) During March each year in the case of final assessment.

6. Assessment of the items received by the National Concessionaire, should proceed in accordance with the terms of Article 59 of this statute.

7. In addition to being subject to the inspections provided for in the Ministry of Finance, regulations in relation to the revenue mentioned in this article, the National Concessionaire is subject to the annual rendering of accounts before the Audit Court.

Article 55

(Contractual bonuses and excess over the price limit)

1. The bonuses received by the National Concessionaire under the terms of the contracts executed within the scope of the Petroleum Activities Law, as well as the excess over the price limit stated in some production sharing agreements, are not subject to the regime of this law.

2. The bonus and excess over the price limit paid to the National Concessionaire, referred to in the previous point, must revert in full to the State, through the Unified Treasury Account.

Article 56

(Other revenue)

All the revenue of the National Concessionaire, except for that referred to in the preceding articles in this Chapter, is subject to the taxes provided for in this statute.

CHAPTER II

Contribution for Training Angolan Staff

Article 57

(Contribution for training Angolan staff)

1. The associates of the National Concessionaire are liable to pay a contribution to the State for training Angolan staff.

2. By means of a decree-law, the Government must regulate within 180 days the amount of the contribution for training Angolan staff, as well as other rules including its collection.

3. The law mentioned in the foregoing number, may determine its application to other entities directly or indirectly involved in petroleum operations.

TITLE V

Assessment

Article 58

(Forecasting revenue)

1. Taxable entities liable to the taxes provided for in this law, except for the contribution for training Angolan staff, should submit to the relevant Tax Office by November 30 each year, a return in six copies, in accordance with forms 1, 2, 3, 4 and 5 attached, on payments forecast to be made in relation to the following financial year.

2. After being checked and received by the relevant Tax Office, the copies of the return referred to in the preceding number, should be sent to the following recipients:

- a) Two to be filed in the respective office;
- b) One for the National Directorate of Taxes;
- c) One for the Ministry of Petroleum;
- d) One for the National Concessionaire;
- e) One for the taxable entity.

3. The return, referred to in the preceding number, must be accompanied by essential supporting information supplied by the operator, in particular estimates of production volumes, exports, domestic sales and stock, production costs, selling prices and estimated stock values as well as all additional information that is considered necessary.

4. The forecasts submitted will be considered as accepted, if the relevant Tax Office has not required them to be amended by the following January 1.

5. The submission of the return provided for in this article shall always be the responsibility of the taxable entity, who may delegate its execution to the operator, informing the relevant Tax Office of this fact at least 15 days of the deadline stated in No. 1 of this article.

6. The forecasts, referred to in the preceding numbers, must be reviewed and confirmed on a quarterly basis, in accordance with the amounts, market prospects and other information considered relevant.

Article 59

(Assessment)

1. Assessment for the taxes envisaged in this statute, except for the contribution for training Angolan staff, shall be made at the relevant Tax Office.

2. The interim assessment for Petroleum Production Tax, Petroleum Revenue Tax and Petroleum Transaction Tax shall be the responsibility of the taxable entities and shall be based on the forecast revenue as laid down in the preceding article. Such assessment must be made by the last day of the month, following that of production of the substances, referred to in Article 1 of this law, in the case of Petroleum Production Tax, or their lifting, and in other cases, corrected by the actual values substantiated during the period to which the assessment relates.

3. The final assessment for the taxes, referred to in the preceding number, shall be made in the month following that of the submission of the tax return, mentioned in paragraph a), No. 1, Article 26 of this statute.

Article 60

(Deductions from tax payable)

1. By applying the rate provided for in Article 41 of this statute, the costs stated in the following paragraphs, will be deducted from the tax payable, providing that they are not included in the deductions stated in Article 21 and are paid by the taxable entity during the respective fiscal year:

- a) Costs incurred in respect of accommodation, subsistence, transport and others, relating to employees of Customs and the Ministry of Petroleum, when involved in inspection, as well as expenses incurred in setting up and maintaining tax offices and expenses resulting from contracting of inspection services, auditing and tax consultancy, carried out by the Ministry of Finance in respect of the taxable entity and the National Concessionaire, directly or indirectly related to them;
- b) Any costs and expenses incurred in connection with an activity of a technical, social or assistance nature carried out by the taxable entity, as a consequence of a request from a competent authority, duly approved by joint order of the Ministries of Petroleum and Finance.

2. If the costs stated in paragraphs a) and b) of the preceding number, cannot be deducted in the year in which they were incurred because of insufficient tax payable, they must be deducted in subsequent tax years, providing that it has been ascertained from the accounting system used, that the amounts have not already been deducted in some other form.

Article 61

(Relevant Tax Office)

The relevant Tax Office for the assessment for the fiscal and parafiscal charges, provided for in this statute, shall be the one that serves the head office, headquarters or main establishment of the taxable entity.

TITLE VI

Fulfilment of Tax Obligations

CHAPTER I

Fulfilment and Deadlines

Article 62

(Payment)

1. Taxable entities liable to the taxes provided for under this law, except for the contribution towards training Angolan staff and the Surface Area Charge, must make payment of those taxes within the period laid down for interim assessment, as established in No. 2, Article 59 of this statute.

2. Payment in respect of the final assessment for the taxes stated in the preceding number, shall be made within thirty days calculated from the date of notification of final assessment.

3. Where an additional assessment is required, the taxable entity should pay the respective tax within fifteen days calculated from the date of notification of the additional assessment.

Article 63

(Notices)

Notices or advertisements relating to the collection of the taxes provided for under this law are not required.

Article 64

(Concerning files and their confidentiality)

1. A file shall be kept at the relevant Tax Office for each taxable entity covered by this law, containing all the documents and information relating to the determination of taxable revenue for the purpose of assessment for the taxes envisaged in this statute.

2. The file mentioned in the preceding number shall also contain records of tax payments as proof of settlement in full of the taxes provided for in this law.

3. Employees who disclose or provide any information from the file, referred to in No. 1 of this article, shall be liable from a disciplinary point of view for the breach of confidentiality, without prejudice of other liabilities provided for in law.

Article 65

(Annual records)

The taxes that are applicable to each taxable entity must be entered in annual electronic records showing the amounts of the monthly payments of these by type of tax and the respective accumulated value.

CHAPTER II

Inspection

Article 66

(Inspection)

1. The entities referred to in article 3 are subject to inspection under the terms provided by Law No. 1/04 of 13 February, the Commercial Companies Law, Decree No. 38/00 of 6 October and other applicable legislation.

2. For the purpose of inspecting the taxes, to which this law relates, public services, as well as economic cooperation, bodies are required to present the relevant Tax Office and the National Directorate of Taxes with all the details, information and clarification available to them and as requested in respect of the period to which the returns of the taxable entities relate.

3. The National Director of Taxes is responsible for overseeing the observance of the deadlines laid down in this law, as well as the correct functioning of the Assessment Committees, according to the terms provided in Article 65 of the General Tax Code.

Article 67

(Examination of the ledgers)

1. For tax purposes, the relevant Tax Office must order the ledgers of the taxable entities covered by this law to be examined.

2. Whenever it is acknowledged as being absolutely necessary, such examinations may extend to the ledgers of any companies or entities connected with the taxable entities.

Article 68

(Confidentiality)

1. All information relating to the taxes dealt with by this law is considered to be of a confidential nature.

2. Taxable entities may request certificates of information relating to their own tax payable.

TITLE VII

Penalties

Article 69

(Failure to submit a return)

1. Failure by taxable entities to submit the returns required in accordance with this statute, as well as omissions or inaccuracies in them or in the documents that must accompany them, shall be penalized by a fine in national currency in a sum equivalent to between USD 50,000.00 and USD 500,000.00 but in the case of fraud, the penalty will be equal to double the tax not assessed, subject to a minimum in national currency equal to the sum of USD 500,000.00.

2. Failure to submit the supporting documentation as required by law or requested by the tax authorities, as well as any omissions or inaccuracies discovered in it, shall be penalized by a fine in national currency equivalent to USD 100,000.00.

Article 70

(Refusal to submit the ledger)

1. Refusal to submit the ledger and documents relating to it, as well as their concealment, destruction, being rendered useless or invalidation, shall be penalized in accordance with the seriousness of the act, with a fine in national currency equivalent to between USD 500,000.00 and USD 5,000,000.00 without prejudice to criminal proceedings that may be taken against directors, executives, managers, members of the Board of Statutory Auditors, liquidators and accountants where responsible for such acts.

2. The same sanctions shall apply in the case of ledgers or any other type of records and related documents, approved by the tax authorities, not being correctly filed or recorded in due time.

3. Taxable entities that, in the organization of their ledgers, have failed to observe the regulations imposed by the Ministry of Finance or that obstruct or in any way hinder the inspection work of tax authority employees or those acting on their behalf, shall be penalized with a fine in national currency equivalent to USD 800,000.00.

4. Taxable entities, whose ledgers are more than ninety days behind, shall be penalized with a fine in national currency equivalent to USD 800,000.00

5. When, during the course of an examination, elements of the ledgers are not made available or the necessary information on them is not provided, the Public Prosecution Service may order the detaining of the directors, executives or managers

responsible for such omissions, until the conclusion of that same examination, as well as the seizure of the documents wherever they may be.

Article 71

(Liability of civil servants)

Civil servants who are in breach of any of their obligations set out in this statute, shall be deemed to have incurred disciplinary liability without prejudice of other liabilities as provided for in law.

Article 72

(Liability of accountants and auditors)

Accountants or auditors acting on behalf of the tax authorities and who by act or omission fail to comply with their legal or contractual obligations, shall be penalized, according to the seriousness of the lapse, with a fine in national currency equivalent to between USD 5,000.00 and USD 50,000.00, without prejudice of incurring other liabilities as provided for in law.

Article 73

(Breach of secrecy)

Civil servants, as well as accountants or auditors who have breached the secrecy to which they are bound, shall incur a penalty in national currency equivalent to between USD 5,000.00 and USD 50,000.00, without prejudice of incurring other liabilities as provided for in law.

Article 74

(Penalty for voluntary admission)

Penalties that, independently of an offence, are imposed by the voluntary admission of the offender, are subject to the provisions of the General Taxation Code.

Article 75

(Infringement by companies)

When the infringements covered by this statute are committed by companies, the provisions of the General Taxation Code shall apply in relation to the liability to pay the fine.

TITLE VIII

Claims and Appeals

Article 76

(Claims and appeals)

Taxable entities subject to the tax obligations provided for in this statute, may make claims and submit appeals against actions carried out by the tax authorities, within the terms of the law.

TITLE IX

Final and Transitional Provisions

Article 77

(Subsidiary law)

Where provision is not made otherwise in this statute, the General Taxation Code and other legislation of a fiscal and administrative nature shall be applied subsidiarily.

Article 78

(Competence for assessment and payment)

1. The Special Taxation System Department of the National Directorate of Taxes has replaced the relevant Tax Offices for the purpose of the interim and final assessment of the taxes mentioned in No. 1 of Article 59, until otherwise directed by the Ministry of Finance.

2. The National Directorate of Taxes shall appoint the Tax Office where the payments of taxes provided for in Article 62 shall be processed, and assessment shall take place according to the terms of No. 1 of this article.

Article 79

(Surface Area Charge)

Payment of the Surface Area Charge, which until the date this law came into effect was made to the National Concessionaire, shall from that date be made to the Unified Account of the National Exchequer, subject to the procedures contained in Chapter IV, Title III of this statute.

Article 80

(Tax return)

By executive decree, the Ministry of Finance may amend the tax return in forms 1, 2, 3, 4 and 5 attached, as well as introduce new forms of the tax return.

Article 81

(Period in force)

This statute shall apply only to petroleum concessions that are awarded after it has come into force, except in relation to the following matters that are also compulsory for concessions existing at that date:

- a) capital gains realized or entered in the accounts and profit obtained by the assignment of interests, under the terms of sections b), in respect of capital gains, and c) of No. 2, Article 20; paragraph IV, section a), No. 1 of Article 23 and section h), No. 2 of Article 23;
- b) ledgers, under the terms of Article 24;
- c) centralization of accounting, under the terms of Article 25;
- d) tax return, under the terms of Articles 26 and 27;
- e) assessment and review of taxable income under the terms of Articles 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38 and 39;
- f) contentious appeal, under the terms of Article 40;
- g) National Concessionaire system, under the terms of Articles 54, 55 and 56;
- h) contribution for training Angolan staff, under the terms of Article 57;
- i) assessment, under the terms of Articles 58, 59, 60 and 61;

- j) compliance with tax obligations, under the terms of Articles 62, 63, 64 and 65;
- k) inspection, under the terms of Articles 66, 67 and 68;
- l) penalties, under the terms of Articles 69, 70, 71, 72, 73, 74 and 75;
- m) claims and appeals, under the terms of Article 76;
- n) final and transitional provisions, under the terms of Articles 77, 78, 79 and 80.

Article 82

(Repeal)

All legal provisions that contradict the provisions of this law are repealed, without prejudice to the foregoing article.

Article 83

(Queries and omissions)

Any queries or omissions that may arise in the interpretation and application of this law shall be resolved by the National Assembly.

Article 84

(Coming into force)

This law comes into force on 1 January 2005.

Examined and passed by the National Assembly at Luanda on 11 August 2004.

The President of the National Assembly, *Roberto António Victor Francisco de Almeida*

Promulgated on 4 October 2004.

Its publication is ordered.

The President of the Republic, JOSÉ EDUARDO DOS SANTOS

Place _____ Date _/ _/ _

Signature of taxable entity or its legal representative

Signature of accounts technician

ASSESSMENT COMMITTEE

Name of Delegated Member

11

RESERVED FOR OFFICIAL USE

Received on __/__/__

Return number:

Signature

Stamp

12

LIST OF PERMANENT REPRESENTATIVES, DIRECTORS, MANAGERS AND MEMBERS OF THE
BOARD OF STATUTORY AUDITORS

Name

Taxable entity registration number

Post held

REPUBLIC OF ANGOLA		PETROLEUM PRODUCTION TAX										
MINISTRY OF FINANCE												
National Directorate of Taxes												
01	ABSENCE OF PRODUCTION	02	PERIOD TO WHICH IT RELATES	Tax Office _____								
If there was no production in this period, mark with an X		From To		Date								
03	DETERMINATION OF TAX (1)		AMOUNT									
Payment in cash			kZ	USD								
1. Quantities produced												
Deduct 2. Quantities consumed in the petroleum operations (2)												
3. Total (1-2)												
4. Normal rate (20%) on line 3												
5. Reduced rate (10%) on line 3 (see box 4)												
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;">Payment</th> <th style="width: 10%;">in</th> <th style="width: 10%;">kind</th> <th style="width: 10%;">Amount</th> </tr> </thead> <tbody> <tr> <td colspan="4" style="height: 30px;">_____</td> </tr> </tbody> </table>					Payment	in	kind	Amount	_____			
Payment	in	kind	Amount									

(1) Enclose in an annex, a detailed breakdown of the quantities produced, sold and consumed, for each substance and its valuation												
(2) Enclose a copy of a favourable opinion issued by the National Concessionaire												
04	RATE REDUCTION (3)											
Mark with a (x) if the company:												

DAR No.	Date	Value (Kz)	Tax Paid (Kz)	or payment in kind
DAR No.	Date	Value (Kz)	Tax Paid (Kz)	or payment in kind
DAR No.	Date	Value (Kz)	Tax Paid (Kz)	or payment in kind
DAR No.	Date	Value (Kz)	Tax Paid (Kz)	or payment in kind
GRAND TOTAL OR CARRIED FORWARD		Value (Kz)	Tax Paid (Kz)	
(Cross out as applicable)				

DAR No.	Date	Value (Kz)	Tax Paid (Kz)	or payment in kind
DAR No.	Date	Value (Kz)	Tax Paid (Kz)	or payment in kind
DAR No.	Date	Value (Kz)	Tax Paid (Kz)	or payment in kind
DAR No.	Date	Value (Kz)	Tax Paid (Kz)	or payment in kind
GRAND TOTAL		Value (Kz)	Tax Paid (Kz)	

Form 2

REPUBLIC OF ANGOLA	PETROLEUM REVENUE TAX
	Concession area:

MINISTRY OF
FINANCE

(Total of development areas) (*)

National
Directorate of
Taxes

01	STATEMENT OF RESULTS	USD	Kz
1	Sales (1)		
2	Provision of services		
3	Other operating revenue		
4	Variation in production		
5	Capital gains		
6	Work on own fixed assets		
7	Other income (2)		
8	<i>Total income (1+2+...+7)</i>		
9	Cost of goods sold or materials consumed		
10	Subcontracts		
11	Other third party services and supplies		
12	<i>Sub-total (9+10+11)</i>		
13	Payroll costs		
14	Financial expenses		
15	Other expenses and charges (2)		
16	Depreciation charges in the year (3)		
17	Cost recovery (3)		
18	Provisions in the year		
19	<i>Total costs (12+13+...+18)</i>		
20	Petroleum Production Tax - Form 1		
21	Petroleum Transaction Tax - Form 3		
22	Surface Area Charge - Form 4		
23			
24	<i>Sub-total (20+21+22+23)</i>		
25	<i>Net results for the year (8-19-24) (a)</i>		

(a) If negative, write the value in brackets

(1) Enclose in an annex, in the case of production sharing agreements, a detailed breakdown of the quantities produced, sold and consumed of each substance, and their valuation.

(2) Enclose a breakdown in an annex

(3) Amounts shown in Box 27, in the case of production sharing agreements

02	COST OF GOODS SOLD AND MATERIAL CONSUMED	USD	Kz
1	Initial stocks		
2	Purchases/production (b)		
3	Regularisation of stocks		
4	Final stocks		
5	Cost of stocks sold and consumed (1+2+3+4)		
(b) Includes expenses of insurance, freight, customs duty, taxes, rates and other applicable levies			
VALUATION CRITERIA USED			
Indicate by type of stocks:			
(*) This form must be completed for each development area in the case of production sharing agreements			

Form 2

REPUBLIC OF ANGOLA MINISTRY OF FINANCE National Directorate of Taxes	PETROLEUM REVENUE TAX		
	Development area (*):		
01	STATEMENT OF RESULTS	USD	Kz
1	Sales (1)		
2	Provision of services		
3	Other operating revenue		
4	Variation in production		
5	Capital gains		

6	Work on own fixed assets		
7	Other income (2)		
8	<i>Total income (1+2+...+7)</i>		
9	Cost of goods sold or materials consumed		
10	Subcontracts		
11	Other third party services and supplies		
12	<i>Sub-total (9+10+11)</i>		
13	Payroll costs		
14	Financial expenses		
15	Other expenses and charges (2)		
16	Depreciation charges in the year (3)		
17	Cost recovery (3)		
18	Provisions in the year		
19	<i>Total costs (12+13+...+18)</i>		
20	Petroleum Production Tax - Form 1		
21	Petroleum Transaction Tax - Form 3		
22	Surface Area Charge - Form 4		
23			
24	<i>Sub-total (20+21+22+23)</i>		
25	<i>Net results for the year (8-19-24) (a)</i>		

(a) If negative, write the value in brackets

(1) Enclose in an annex, in the case of production sharing agreements, a detailed breakdown of the quantities produced, sold and consumed of each substance, and their valuation.

(2) Enclose a breakdown in an annex

(3) Amounts shown in Box 27, in the case of production sharing agreements

02	COST OF GOODS SOLD AND MATERIAL CONSUMED	USD	Kz
1	Initial stocks		
2	Purchases/production (b)		
3	Regularisation of stocks		
4	Final stocks		
5	Cost of stocks sold and consumed (1+2+3+4)		

(b) Includes expenses of insurance, freight, customs duty, taxes, rates and other applicable levies

VALUATION CRITERIA USED

Indicate by type of stocks:

--

(*) This form must be completed for each development area in the case of production sharing agreements

03	BALANCE SHEET		
ASSETS			
(in Kz)			
Fixed assets	Gross Assets	Depreciation charges and provisions	Net Assets
1. Tangible fixed assets			
2. Intangible fixed assets			
3. Work in progress on own fixed assets			
4. <i>Sub-total (1+2+3)</i>			
Stocks	Gross Assets	Depreciation charges and provisions	Net Assets
5. Raw materials and materials			
6. Products and work in progress			
7. Finished products			
8. Goods			
9. Stocks in transit			
10. Other stocks			
11. <i>Sub-total (5+6+...+10)</i>			
Other assets	Short term	Medium and long term	Total
12. Clients			
13. Loans granted			
14. State			
15. Investor and investee entities			
16. Other amounts receivable			

17. Provisions			
18. <i>Sub-total</i> (12+13+...+17)			
19. <i>Total assets</i> (4+11+18)			
(1) State the amount of the grand total of the column of the net value of Box 17 - page 9, in the case of a production sharing agreement			
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' Equity		Previous financial year	
20. Capital			
21. Contributions by partners			
22. Revaluation reserves			
23. Other reserves			
24. Results carried forward			
25. Net results for year			
26. <i>Total shareholders' equity</i> (20+21+...±24±25)			
Liabilities			
	Short term	Medium and long term	Total
27. Suppliers			
28. Loans obtained			
29. State			
30. Investor and investee entities			
31. Other amounts payable			
32. Provisions for risks and chares			
33. <i>Total liabilities</i> (27+28+...+32)			
34. <i>Total shareholders' equity and liabilities</i> (±26+33)			

IDENTIFICATION OF THE CONCESSION AREA (total of development areas) (*)
--

04	CALCULATION OF TAXABLE INCOME	USD	Kz
ADD	1. Net results of the financial year (carried forward from Line 25 Box 1)		
	2. Expenses incurred owing to negligence or lack of diligence (Article 22, No.1. paragraph a))		
	3. Commission paid to intermediaries (No. 1 paragraph b))		
	4. Expenses of commercial sale and transport of crude oil not provided in the contract - No. 1 paragraph c)		
	5. Expenses of legal or contractual guarantees provided - No. 1 paragraph c)		
	6. Indemnities, fines or penalties for default on contractual obligations - No. 1 paragraph e)		
	7. Expenses of arbitration proceedings - No. 1 paragraph f)		
	8. Expenses incurred for the purpose of determining the oil price - No. 1 paragraph g)		
	9. Petroleum Revenue Tax - No. 1 paragraph h)		
	10. Offers and donations not coming within paragraph a), No.3 of Article 21 - No. 1 paragraph i)		
	11. Interest on loans and other capital charges not duly authorised - No. 1 paragraph j)		
	12. Expenses of legal services not provided in paragraph f) of No. 1, Article 21 - No. 1 paragraph k)		
	13. Expenses resulting from failure to enter into insurance contracts - No. 1 paragraph l)		
	14. Expenses of staff training not complying with the terms required - No. 1 paragraph m)		
	15. Costs and losses arising from inadequate compliance with the guarantee conditions or absence of guarantee - No. 1 paragraph n)		
	16. Costs and losses connected with the decline in value of materials not used in the petroleum operations - No. 1 paragraph o)		
	17. Overhead and administrative expenses incurred outside Angola, other than those		

referred to in a) of III, paragraph a) No. 1, Article 21 - No. 1 paragraph p)		
18. Contributions and taxes due by workers - No. 1 paragraph q)		
19. Travelling and other expenses incurred in connection with the movement of workers outside the country of origin, or their use in other operations outside Angola - No. 1 paragraph r)		
20. Consideration offered to the State or National Concessionaire for the attribution of status as an associate of the National Concessionaire - No. 1 paragraph s)		
21. Provisions, funds and reserves not authorised by the Government - No. 2 paragraph a)		
22. Depreciation and amortisation exceeding the statutory limits - No. 2 paragraph b)		
23. Debts considered to be unrecoverable without proper justification - No. 2 paragraph c)		
24. Taxes and customs charges on import of articles sold and to which an exemption applies - No. 2 paragraph d)		
25. Tax on the earnings of managers, members of the Board of Statutory Auditors, workers and others - No. 2 paragraph e)		
26. Costs of legal expenses of any arbitration - No. 2 paragraph f)		
27. Costs of damage caused by negligence or lack of diligence - No. 2 paragraph g)		
28. Indemnities paid to the National Concessionaire by way of a penalty clause - No. 2 paragraph h)		
29. Interest paid to partners, including interest on cash contributions - No. 2 paragraph l)		
30. Gratuities, offers, perquisites etc. attributed to partners, shareholders, in the part exceeding the greatest remuneration attributed to workers that are not partners - No. 2 paragraph j)		

	31. Expenses of a personal nature of partners or shareholders - No. 2 paragraph k)		
	32. The part of representation expenses in the part which the tax authorities consider them to be excessive - No. 2 paragraph l)		
	33. Harmonisation of non-recoverable costs - Table 8		
	34. Adjustment of sales (difference between sales prices and fiscal prices - line 3 of Box 13)		
	35. Adjustment of cost oil (difference between final and provisional prices - line 6 of Box 13)		
	36.		
	37.		
	38.		
	39. <i>Sub-total (1+2+...+38)</i>		
DEDUCT	40. Production premium (1)		
	41. Up-lift (1)		
	42. Adjustment to sales (difference between sales prices and fiscal prices - line 3 of box 13)		
	43. Adjustment to cost-oil (difference between final and provisional prices - line 6 of box 13)		
	44.		
	45.		
	46.		
	47.		
	48. <i>Sub-total (40+41+...+47)</i>		
	49. <i>Loss for tax purposes (39-48)<0</i>		
	50. Taxable profit (39-48)>0		
(1) Only applicable in the case where the amounts of the duty has been recorded in the accounts			
(*) This form must be completed for each development area in the case of production sharing agreements			

IDENTIFICATION OF THE DEVELOPMENT AREA (*)			
04	CALCULATION OF TAXABLE INCOME	USD	Kz

ADD	1. Net results of the financial year (carried forward from Line 25 Box 1)		
	2. Expenses incurred owing to negligence or lack of diligence (Article 22, No.1. paragraph a))		
	3. Commission paid to intermediaries (No. 1 paragraph b))		
	4. Expenses of commercial sale and transport of crude oil not provided in the contract - No. 1 paragraph c)		
	5. Expenses of legal or contractual guarantees provided - No. 1 paragraph c)		
	6. Indemnities, fines or penalties for default on contractual obligations - No. 1 paragraph e)		
	7. Expenses of arbitration proceedings - No. 1 paragraph f)		
	8. Expenses incurred for the purpose of determining the oil price - No. 1 paragraph g)		
	9. Petroleum Revenue Tax - No. 1 paragraph h)		
	10. Offers and donations not coming within paragraph a), No.3 of Article 21 - No. 1 paragraph i)		
	11. Interest on loans and other capital charges not duly authorised - No. 1 paragraph j)		
	12. Expenses of legal services not provided in paragraph f) of No. 1, Article 21 - No. 1 paragraph k)		
	13. Expenses resulting from failure to enter into insurance contracts - No. 1 paragraph l)		
	14. Expenses of staff training not complying with the terms required - No. 1 paragraph m)		
	15. Costs and losses arising from inadequate compliance with the guarantee conditions or absence of guarantee - No. 1 paragraph n)		
	16. Costs and losses connected with the decline in value of materials not used in the petroleum operations - No. 1 paragraph o)		
	17. Overhead and administrative expenses incurred outside Angola, other than those		

referred to in a) of III, paragraph a) No. 1, Article 21 - No. 1 paragraph p)		
18. Contributions and taxes due by workers - No. 1 paragraph q)		
19. Travelling and other expenses incurred in connection with the movement of workers outside the country of origin, or their use in other operations outside Angola - No. 1 paragraph r)		
20. Consideration offered to the State or National Concessionaire for the attribution of status as an associate of the National Concessionaire - No. 1 paragraph s)		
21. Provisions, funds and reserves not authorised by the Government - No. 2 paragraph a)		
22. Depreciation and amortisation exceeding the statutory limits - No. 2 paragraph b)		
23. Debts considered to be unrecoverable without proper justification - No. 2 paragraph c)		
24. Taxes and customs charges on import of articles sold and to which an exemption applies - No. 2 paragraph d)		
25. Tax on the earnings of managers, members of the Board of Statutory Auditors, workers and others - No. 2 paragraph e)		
26. Costs of legal expenses of any arbitration - No. 2 paragraph f)		
27. Costs of damage caused by negligence or lack of diligence - No. 2 paragraph g)		
28. Indemnities paid to the National Concessionaire by way of a penalty clause - No. 2 paragraph h)		
29. Interest paid to partners, including interest on cash contributions - No. 2 paragraph l)		
30. Gratuities, offers, perquisites etc. attributed to partners, shareholders, in the part exceeding the greatest remuneration attributed to workers that are not partners - No. 2 paragraph j)		

	31. Expenses of a personal nature of partners or shareholders - No. 2 paragraph k)		
	32. The part of representation expenses in the part which the tax authorities consider them to be excessive - No. 2 paragraph l)		
	33. Harmonisation of non-recoverable costs - Table 8		
	34. Adjustment of sales (difference between sales prices and fiscal prices - line 3 of Box 13)		
	35. Adjustment of cost oil (difference between final and provisional prices - line 6 of Box 13)		
	36.		
	37.		
	38.		
	39. <i>Sub-total (1+2+...+38)</i>		
DEDUCT	40. Production premium (1)		
	41. Up-lift (1)		
	42. Adjustment to sales (difference between sales prices and fiscal prices - line 3 of box 13)		
	43. Adjustment to cost-oil (difference between final and provisional prices - line 6 of box 13)		
	44.		
	45.		
	46.		
	47.		
	48. <i>Sub-total (40+41+...+47)</i>		
	49. <i>Loss for tax purposes (39-48)<0</i>		
	50. Taxable profit (39-48)>0		

(1) Only applicable in the case where the amounts of the duty has been recorded in the accounts

(*) Enclose as many copies as there are development areas in the case of production sharing agreements

IDENTIFICATION OF THE CONCESSION AREA (total of development areas) (*)

05	DETERMINATION OF TAXABLE AMOUNT	USD	Kz
1	Taxable profit (brought forward from line 48 of Box 22)		
2	Tax-deductible losses: (article 23 No. 1 paragraph c)		
	2.1 _ _ _ _ - Financial year No. 5		
	2.2 _ _ _ _ - Financial year No. 4		
	2.3 _ _ _ _ - Financial year No. 3		
	2.4 _ _ _ _ - Financial year No. 2		
	2.5 _ _ _ _ - Financial year No. 1		
3	Taxable amount (1-2)		
06			
	CALCULATION OF TAX	USD	Kz
1	Rate applicable (1) to amounts in line 3 of Box 23		
2	___% amount of tax		
3	Deduction from amount of tax - Article 80		
	3.1		
	3.2		
	3.3		
	3.4		
4	Tax incentives		
5	Total deductions (3+4)		
6	Assessed tax(2-5)		
7	Payments made		
8	8.1 Tax payable (6-7)		
	8.2 Tax refundable (8-7)		
(1) In Production Sharing Agreements, the applicable rate is 50% and in other cases 65.75%			
07			
RESULT OF ASSESSMENT			
7.1	TAX PAYABLE	7.2	TAX REFUNDABLE
Where tax is payable (line 8.1 of Box 24), are you making payment?		Where there is tax refundable (line 8.2 of Box 24), refund requested:	
Yes _ No _			

If so, you are required to indicate: <div style="display: flex; justify-content: space-between;"> <div style="text-align: center;"> DAR number _ _ _ _ </div> <div style="text-align: center;"> Date __/__/__ </div> </div>	<input type="checkbox"/> By warrant <input type="checkbox"/> By set-off against the next instalment of tax
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08	IDENTIFICATION OF THE DAR USED FOR THE PAYMENT OF TAX IN THIS FINANCIAL YEAR	USD	Kz
	DAR number _ _ _ _ Date __/__/__		
	DAR number _ _ _ _ Date __/__/__		
	DAR number _ _ _ _ Date __/__/__		
	DAR number _ _ _ _ Date __/__/__		
	DAR number _ _ _ _ Date __/__/__		
	GRAND TOTAL OR CARRIED FORWARD _ _ _ _ Date __/__/__		
(Cross out whichever does not apply)			
(*) This form must be completed for each development area, in the case of Production Sharing Agreements			

IDENTIFICATION OF THE DEVELOPMENT AREA (*)			
05	DETERMINATION OF TAXABLE AMOUNT	USD	Kz
1	Taxable profit (brought forward from line 48 of Box 22)		
2	Tax-deductible losses:		

3	(article 23 No. 1 paragraph c)		
	2.1 _ _ _ _ - Financial year No. 5		
	2.2 _ _ _ _ - Financial year No. 4		
	2.3 _ _ _ _ - Financial year No. 3		
	2.4 _ _ _ _ - Financial year No. 2		
	2.5 _ _ _ _ - Financial year No. 1		
	Taxable amount (1-2)		

06				CALCULATION OF TAX		USD	Kz
1	Rate applicable (1) to amounts in line 3 of Box 23						
2	___% amount of tax						
3	Deduction from amount of tax - Article 80						
	3.1						
	3.2						
	3.3						
	3.4						
4	Tax incentives						
5	Total deductions (3+4)						
6	Assessed tax(2-5)						
7	Payments made						
8	8.1 Tax payable (6-7)						
	8.2 Tax refundable (8-7)						

(1) In Production Sharing Agreements, the applicable rate is 50% and in other cases 65.75%

07				RESULT OF ASSESSMENT			
7.1		TAX PAYABLE		7.2		TAX REFUNDABLE	
Where tax is payable (line 8.1 of Box 24), are you making payment?				Where there is tax refundable (line 8.2 of Box 24), refund requested:			
Yes _ No _				_ By warrant			
If so, you are required to indicate:				_ By set-off against the next instalment of tax			

DAR number	Date
_ _ _ _	__/__/__

08	IDENTIFICATION OF THE DAR USED FOR THE PAYMENT OF TAX IN THIS FINANCIAL YEAR
----	--

		USD	Kz
DAR number	Date		
_ _ _ _	__/__/__		
DAR number	Date		
_ _ _ _	__/__/__		
DAR number	Date		
_ _ _ _	__/__/__		
DAR number	Date		
_ _ _ _	__/__/__		
DAR number	Date		
_ _ _ _	__/__/__		
GRAND TOTAL OR CARRIED FORWARD			

(Cross out whichever does not apply)

(*) Enclose as many copies as there are development areas, in the case of Production Sharing Agreements

IDENTIFICATION OF THE CONCESSION AREA (total of development areas) (*)
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07	IDENTIFICATION OF THE DAR USED FOR THE PAYMENT OF TAX IN THIS FINANCIAL YEAR
----	--

		USD	Kz
DAR number	Date		
_ _ _ _	__/__/__		
DAR number	Date		
_ _ _ _	__/__/__		

Total			
Grand total			
(*) This form to be completed for production sharing agreements only			

<i>Total production costs</i>										
Administrati on and services										
<i>Total costs of administrati on and services</i>										
<i>Total recoverable costs</i>										
(1) Enclose the calculation of Up-Lift for the development area										
(*) This form is to be completed in production sharing agreements only. Enclose as many copies as there are development areas										

<i>(incl. Up-Lift)</i>										
Product ion										
<i>Total product ion costs</i>										
Adminis tration and services										
<i>Total costs of adminis tration and services</i>										
<i>Total recover able costs</i>										

(1) Enclose the calculation of Up-Lift for the development area

(*) This form is to be completed in production sharing agreements only. Enclose as many copies as there are development areas