



LEGAL NEWS

Mozambique

May through July 2020

COVID-19

Renewal of State of Emergency and Related Measures

Through Presidential Decree No. 23/2020, of 5 August 2020, and upon parliamentary ratification by means of Law No. 9/2020, of 7 August 2020, the State of Emergency due to the COVID-19 pandemic was extended until the end of 6 September 2020. The administrative implementation measures that shall be in effect during the State of Emergency were in turn approved by way of the Council of Ministers' Decree No. 69/2020, of 11 August 2020.

Additional Economic and Social Measures to Minimize Impact of Pandemic Approved

In order to minimize the economic and social impact of the COVID-19 pandemic, the Council of Ministers approved Decree No. 37/2020, of 2 June 2020, which repealed Decree No. 22/2020, of 23 April 2020, setting forth some additional measures, effective until 31 December 2020, to support some of the key economic sectors affected by the pandemic, notably:

- Possible exemption from fines and reduction of interest for delayed payment of Social Security debts;
- Reduction of electricity consumption tariffs in 50% for 6 months;

- Deferral of 6 months on payment of electricity bill starting from 1 June 2020;
- MZN 1 billion credit facility to support the cash-flow of micro, small and medium sized enterprises. The eligibility requirements to access this credit facility are determined in Ministerial Statute No. 35/2020, of 29 July 2020, of the Ministries of Economy and Finance, and of Industry and Commerce, being the more relevant ones (i) holding the permit or license required to carry out the relevant activity; (ii) good standing tax situation as at 31 December 2019; (iii) registration with the Social Security, (iv) positive net worth in the last balance-sheet approved, and (v) not being in default on any bank loans as at 31 December 2019.

Amendments to Value Added Tax (VAT) Code

In order to mitigate the social and economic impact of COVID-19, the Parliament, by way of Law No. 5/2020, of 29 May 2020, amended Article 9.13 of the VAT Code so as to exempt from VAT certain transactions of goods and service provisions until 31 December 2020.

ENERGY AND NATURAL RESOURCES

Approval of Changes to Financing Structure of Golfinho/Atum Liquified Natural Gas (LNG) Project

By way of Decree No. 39/2020, of 12 June 2020, the Council of Ministers approved certain changes to the financing structure of the Golfinho/Atum LNG Project in Area 1 of the Rovuma Block offshore, including the financing amount and the 2019 Term-Sheet.

TAX

New Tax Reporting Forms for Mining and Petroleum Companies

The Ministry of Economy and Finance approved, by way of Ministerial Statutes No. 36/2020 and No. 37/2020, both of 30 July 2020, the forms to be submitted for compliance with reporting obligations provided for in the Special Tax and Tax Benefits Regimes applicable to Petroleum Operations and Mining Activities, in particular:

- i. Petroleum Production Tax (Royalty) Statement;
- ii. Cost Recovery Statement;
- iii. Mining Production Tax (Royalty) Statement;
- iv. Surface Tax Statement; and
- v. Mineral Resource Income Tax Statement.

Fuel Tax Periodic Reporting with New Form

By means of Decree No. 47/2020, of 26 June 2020, the Council of Ministers approved the form for periodic reporting of Fuel Tax. While this statute came into force on 27 June 2020, its implementation is still to be regulated by the Ministry of Finance.

STATE

Management of Public Investment with New Legal Framework

The Council of Ministers approved, by means Decree No. 52/2020, of 3 July 2020, the new legal framework for public investment management applicable to all bodies and institutions of the State, including institutions having administrative and financial autonomy, as well as to the State's Entrepreneurial Sector. The guiding principles of public investment and the management structure thereof are thus provided for. The new rules shall come into force on 15 September.

2020 Treasury Bill's Cap

By way of Ministerial Statute No. 19/2020, of 1 June 2020, the Ministry of Economy and Finance determined that, during 2020, the issue of Treasury Bills shall be subject to a cap in the amount of MZN 95 billion.

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