

## MOZAMBIQUE

February through April 2017

## OIL AND GAS

## PUBLICATION OF DECREES ENABLING ROVUMA BASIN LIQUIFIED NATURAL GAS (LNG) UNDERTAKINGS

Decrees Nos. 74/2016 to 78/2016, all dated of 30 December 2016, whereby the Council of Ministers approved a set of measures to enable LNG undertakings from Areas 1 and 4 offshore of the Rovuma Block, were at last published in the Official Gazette. The following items were thus approved:

- the supplementary terms to the Petroleum Exploration and Production Concession Contract for Area 4;
- the amendments to the Petroleum Exploration and Production Concession Contract for Area 1;
- the terms and conditions of the Government's LNG Agreement for Area 1 Initial LNG Project;
- also in connection with Area 1 Initial LNG Project, the Government's option not to take in kind the LNG corresponding to Petroleum Production Tax; and
- the terms and conditions for joint sale of LNG from Area 1 Initial LNG Project.

## TAX

## VAT REGULATIONS AMENDED

Following the revision of the VAT Code by means of Law No. 13/2016, of 30 December 2016, the VAT Regulations were now amended by way of Decree No. 8/2007, of 30 March 2016. Besides adapting the VAT Regulations to the revised VAT Code, the following changes should be highlighted:

- Taxpayers may now fulfill their VAT obligations, including payment, either at the Large Taxpayers Unit or at the Collection Services of their area of residence;
- Reduction from 6 to 3 months of the suspension period arising from the failure to provide the necessary supporting documentation to evidence VAT credits claimed after the expiry of the applicable deadline;
- Obligation to duly document VAT credits with the appropriate documentation, even if timeously claimed, failing which the credit may be cancelled;
- Repeal of record-keeping rules for secondary establishments.

The amendments to the VAT Regulations entered into force on 30 March 2017.

## CUSTOMS

## NEW TEXT FOR CUSTOMS TARIFFS SCHEDULE

In force since 1 January 2017, the new text of the Customs Tariffs Schedule and related Preliminary Instructions, which the National Assembly had enacted by means of Law No. 11/2016, of 30 December 2016, was published in the Official Gazette. One should point out that the Council of Ministers was granted powers to approve the supplementary instructions and procedures required to implement the Customs Tariffs Schedule, as well as to approve the necessary measures to protect the national industry and establish the criteria for the determination and application of the anti-dumping duties and surcharge. Law No. 6/2009, of 10 March 2009, and all legislation contradicting the new text of the Customs Tariffs Schedule were thus revoked.

## MIGRATION

## CHANGES TO RULES ON ENTRY, STAY AND EXIT OF FOREIGNERS

The Council of Ministers, by way of Decree No. 3/2017, of 22 February 2017, amended the rules applicable to the entry, stay and exit of foreigners in the Country. The most relevant amendments are those relating to the so-called investment activities visa and the border visa. The revised rules came into force on 22 February 2017.

## BANKING AND FINANCE

## NEW MINIMUM SHARE CAPITAL FOR CREDIT INSTITUTIONS, FINANCIAL COMPANIES AND MICROFINANCE OPERATORS

By way of Notice No. 7/GBM/2017, of 3 April 2017, the Bank of Mozambique increased the minimum share capital applicable to credit institutions, financial companies and microfinance operators. The adjustment of the share capital to the new minimum amount must be made by means of new cash contributions within the deadlines that have also been defined. The aforesaid Notice came into effect on 3 April 2017 and repealed Notice No. 4/GGBM/2005, of 20 May 2005, which governed the same matter.

## OWN FUNDS OF CREDIT INSTITUTIONS WITH NEW RULES

Taking into consideration the need to adapt the calculation requirements for own funds of credit institutions, the Bank of Mozambique approved, by way of Notice No. 8/GBM/2017, of 3 April 2017, the new Regulations on Credit Institutions' Own Funds. The new rules entered into force on 3 April 2017 and repealed Notice No. 14/GBM/2013, of 31 December 2013.

## CREDIT INSTITUTIONS WITH NEW PRUDENTIAL RATIOS AND LIMITS

The Bank of Mozambique approved, by way of Notice No. 9/GBM/2017, of 3 April 2017, the new Regulations on Prudential Ratios and Limits of Credit Institutions, which apply to all credit institutions under the supervision of the Bank of Mozambique. In force since 3 April 2017, the new Regulations repealed the former rules provided for in Notice No. 15/GBM/2013, of 31 December 2013.

## UNIFORMISATION OF EXCHANGE RATES AND MAXIMUM SPREAD BETWEEN PURCHASE AND SALE RATES OF FOREIGN CURRENCY

So as to adopt the exchange rate uniformisation principle aimed at ensuring greater transparency and credibility of the rates applicable in the foreign exchange market, the Bank of Mozambique approved Notice No. 6/GBM/2017, of 30 March 2017, which sets forth detailed rules for the uniformisation of exchange rates and the maximum spread between the purchase and sale rates of foreign currency. The new rules, which came into effect on 30 March 2017, compel banks and exchange houses to use single exchange rates in transactions with the public, namely in the purchase and sale of foreign currency involving bills, coins, currency and other payment transactions or receipts from abroad.

## LABOR

## WORK UNDER CONSTRUCTION CONTRACTS REGULATED

By means of the recently gazetted Decree No. 69/2016, of 30 December 2016, the Council of Ministers approved the Regulations on Work under Construction Contracts between Construction and Ancillary Works Contractors and their Workers. Among other features, it is worth highlighting (i) the adoption of a new type of contract – the uncertain term employment contract for work under construction contracts -, (ii) the termination of the uncertain term employment contract for expiry upon completion of the construction works, and (iii) the obligation to serve 7 days' written notice of expiry on employees under uncertain term employment contracts. The new regulations came into force on 1 April 2017.

## TELECOMMUNICATIONS

## REGULATIONS ON REGULATORY FEES GAZETTED

Taking into account the need to adapt the procedures for assessment and collection of regulatory fees in view of the developments in the telecommunications sector, the Council of Ministers approved, by way of the recently gazetted Decree No. 68/2016, of 30 December 2016, the Regulations on Telecommunications' Regulatory Fees. Effective as of 30 December 2016, the foregoing decree applies to all entities operating telecommunications networks and services or radiocommunications, including telecommunications numbering for public or private use.

## PHARMACEUTICAL

## MEDICINES PRICING REGULATIONS APPROVED

Through Ministerial Statute No. 21/2017, of 13 March 2017, the Ministry of Health approved the Medicines Pricing Regulations. The responsibility to set the retail sale price for the public of each medicine belongs to the Pharmaceutical Department, upon proposal of the importer and/or the distributor, with retail prices having to be affixed on the labels or on the packaging of each medicine. The new regime entered into force on 13 March 2017 and is applicable to all medicines in circulation in the Republic of Mozambique and to all entities involved in the activities of importation, distribution and retail sale of medicines.

## FORESTRY

## FORESTRY LICENSING MODELS UPDATED

By means of Ministerial Statute No. 16/2017, of 8 February 2017, the Minister of Land, Environment and Rural Development approved the modernization and adjustment of application forms, meeting minutes, certificates, licenses and other model documents required within the forestry licensing process. In force since 1 January 2017, the newly approved statute repealed Ministerial Statute No. 55/2003, of 28 May 2003.

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