
**AMENDMENT TO THE REGULATION OF THE SPECIFIC SYSTEM OF TAXATION AND TAX BENEFITS
FOR MINING ACTIVITY**

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Decree No. 76/2022 of December 30, 2022 (hereinafter the "New Decree") entered into force on January 1, 2023, amending the Regulations of the Specific Regime for Taxation and Tax Benefits for Mining Activities approved by Decree No. 28/2015 of December 28, 2015 (hereinafter the "Previous Decree").

This amendment partially covers articles 4, 7, 8, 11, 15 and 28 of the Previous Decree, with respect essentially to the Mining Production Tax, Surface Tax and Corporate Income Tax, also introducing a new provision that confers advantage of reduction of accounting procedures, to taxable persons.

The following are reported as relevant aspects, to be taken into account by taxpayers under the New Decree, and for the purposes of each tax:

I. Tax on Mining Production (hereinafter the "IPM"):

- The value of the mining product of concentrates or mining products that are sold or exported in their non-final form shall be determined according to the mineral content contained therein;
- The value of the last sale, to be considered for the calculation of the miner's product value, is that of the issue of the last invoice or equivalent document;
- The duty to describe in the IPM declaration the specifications or quality of the mineral;
- The requirement to attach to the IPM declaration, a copy of the monthly production report and the document containing the specifications and quality of the mineral product submitted to the regulatory entity, for settlement purposes;

- The additional assessment by the IPM Tax Administration in case: (i) the declared value proves to be lower than the sale value, and or (ii) the declared value is lower than the sales value at auctions or on the free market; and
- The duty to give 30 days' prior notice to the Tax Authorities of the intention to sell or otherwise dispose of the mineral product through auctions or on the open market, being the referred entity able monitor such transactions for supervision purposes, regardless of where they take place. Thus, the Tax Administration must have access to all information relating to the auction, constitution of lots, when applicable, and produce a report that must also be signed by the holder, including the sectorial regulatory entities, when present.

II. Surface Tax (hereinafter the "ISS"):

- Increase of the ISS rate for Mining Certificates from year 1 to 5 to 30 MT/ha, and from year 6 onwards to 50 MT/ha;

III. Corporate Income Tax ("IRPC"):

- The duty on the part of the taxpayer holding more than one mining title, to create a legal entity held by it and have a tax identification number and organized accounting for each Prospecting and Exploration License, Mining Concession, and Mining Certificate; the taxpayer being jointly and severally liable for the tax obligations of the entities created;
- The obligation to present annual balance sheets and profit and loss accounts certified by an authorized independent auditor, applicable to entities that carry out mining activities under a concession contract.

In addition to these obligations, which broaden the range of duties to which the taxpayer is now subject, the legislator now grants the operator or holder of the mining title the power to do their accounting in United State dollars ("USD"), upon request for an amendment to the Minister of Finance.

Note that the operator or holder of the mining title authorized to present his accounts in USD may replace the annual balance sheets and income statements for previous fiscal years in Metical for USD, and that the operator or holder of the mining title not authorized to present his accounts in USD is also granted the same prerogative, but the previous records (in Metical) remain binding.

The annual balance sheets and profit and loss accounts of the accounting operations in USD must be maintained until the end of the project. And for the purposes of converting the Metical to USD the reference exchange rate published by Banco of Mozambique shall be used.