

MOZAMBIQUE



TAX AUTHORITY

Tax Authority of Mozambique.
Website: www.at.gov.mz/eng

TAX LAW

Decree No. 70/2017, which came into force on 1 January 2018

REGULATIONS & RULINGS

The Transfer Pricing Regulation is applied to:

1. Permanent establishments with operations related to non-resident entities
2. Permanent establishment situated in Mozambican territory, effecting operations related to other permanent establishments of the same entity and situated outside of Mozambique
3. An entity, resident or non-resident, with a permanent establishment situated in Mozambican territory, effecting operations related to an entity subject to a more favourable fiscal regime, according to the Corporate Tax Code
4. Operations effected by a taxpayer domiciled in Mozambican territory, through someone not characterised as a related party, who operates with another foreign party, characterised as a related party to the Mozambican taxpayer.

For the purposes of determining the transfer price, a party is considered to be related to another entity, when:

1. Directly, indirectly through one of several intermediaries, the party controls, is controlled, or is under the common control of the same entity; has an interest in the entity giving significant influence on the same; or has joint control over the entity
2. The party is an associate or joint enterprise of the other entity
3. The party is a key staff member of the management of the entity or of its parent-company

4. The party manages the post-employment benefit plan, for the benefit of the employees of the entity, or any related part of that entity.

INTERPRETATION OF ARM'S LENGTH PRINCIPLE (ALP)

The taxpayer must adopt transactional terms and conditions that would normally be agreed and accepted or practiced among independent entities, according to the principle of free competition, for the goods or services.

PRICING METHODS PRIORITY

The necessary corrections of profit are based on the following methods:

- Comparable uncontrolled price method
- Resale price method
- Cost plus method
- Profit split method
- Transactional net margin method
- Any other appropriate method for the factors and specific circumstances of the operation.

TRANSFER PRICING PENALTIES

There are no specific transfer pricing penalties. However, the normal penalties for tax return non-compliance are also applicable to transfer pricing cases for late filing, failure to disclose records, and non-payment of tax.

REDUCTION IN PENALTIES

Not applicable

DOCUMENTATION REQUIREMENTS

Documentation and relevant information relating to the transfer pricing policy adopted in related-party transactions should be indicated in the annual tax return.

DEADLINE TO PREPARE AND SUBMIT DOCUMENTATION

Supporting documentation should be filed within a month of the deadline for annual tax returns (31 May).

RETURN DISCLOSURE / RELATED-PARTY DISCLOSURE

Related-party transactions should be indicated in the annual tax return.

STATUTE OF LIMITATIONS

For corporate income tax assessment, the end of the fifth year following the taxable event.

ADVANCE PRICING AGREEMENTS (APAS)

Not applicable

BURDEN OF PROOF

Not applicable

PRINCIPAL DIFFERENCES WITH OECD GUIDELINES

Not applicable

CONTACTS FOR MOZAMBIQUE

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