

For immediate release –

**Changes to Mozambique's Mining taxation code set to significantly increase revenue of State.**

The Mozambique government believes that the changes to the country's mining taxation code and petroleum taxation code which were recently approved by the Assembly of the Republic will significantly increase the revenues of the State.

The estimation is that the amount of the increase will be in the region of 900-billion meticaís, or some \$30-billion in the mining sector. This increase will be the main result of the levying of tax on production, Finance Minister **Manuel Chang** has affirmed. Figures for the increase in revenues from the State in the levying of the new Gas and Petroleum Tax have not yet been made available.

The real focus of the new Resource Tax Law seems to increase the State's control and participation in the mining, oil and gas sector. While this shift was anticipated as it is reflective of Mozambique's current legislative trend and consistent with the draft laws made available by the Government, many of the requirements that are likely to be controversial for investors were introduced at the very late stages of development of the new legislative regime and against a backdrop of political transition in the country. The impact of this increased control, will become more apparent over the coming months.

Significant changes for the mining and gas and petroleum investors include; a more onerous Capital Gains Tax regime, significant changes in production taxes, production tax royalties, determining of valuation and pricing, increased corporation tax liabilities, significant limitation on tax incentives, and major changes to the application of production sharing agreements.

As Mozambique enters a period of Government transition coupled with the recently approved Mining Law and Petroleum Law, Mozambique and its new government are preparing for the next phase of mining, gas and petroleum production in Mozambique.

Market Intelligence leaders AIE have organized a 1 day market briefing will take place in Johannesburg on the 21 October 2014, the market briefing will provide much needed insight into the new Tax Framework for the resource sector, further details on participating in the market briefing can be accessed via [www.africaninfex.com](http://www.africaninfex.com) or call: 081 777 0028

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