

# Sage in Mozambique

## Payroll Taxes 2020

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### 1. General Information

#### Official currency

The official currency of Mozambique is the Mozambican Metical (MZN).

#### Tax year end

Tax year is the calendar year ending 31 December.

### 2. Employment income

1st category (employment and pension) income includes all types of remuneration paid or made available in cash or in kind with respect to employment, e.g. salaries, wages, bonuses, commission, subsidies, prizes, emoluments, tips and fringe benefits

The following are also considered employment income:

- remuneration paid to members of corporate bodies of corporate persons and comparable entities;
- amounts that individual entrepreneurs report as remuneration for their work or work carried out by members of their household;
- allowances for errors payable to persons whose work involves handling cash, to the extent that they exceed 5% of the employee's fixed monthly remuneration;
- expense allowances and other amounts received for the use of the employee's own vehicle for the employer's purposes, in the proportion that the total of these amounts exceeds the limit of the amounts established for state employees earning the equivalent or similar fixed salaries;
- amounts for travel, mission and representation expenses for which accounts have not been presented by the end of the financial year;

- any indemnification arising from the establishment, termination or alteration of the employment legal relationship, including amounts relating to the violation of contractual conditions or changing the work location; and
- bonuses originating from or by reason of the provision of services and paid by persons other than the employer.

### 3. Tax Rates

#### Tax tables

Monthly tax tables applicable to the 2020 tax year.

A Monthly Income Bracket (MT)				C Tax rate	B Value per Dependent (MT)				
Lower bracket		Upper bracket			0	1	2	3	4+
From	0.00	up to	20 249.99	0%	No Tax	No Tax	No Tax	No Tax	No Tax
From	20 250.00	up to	20 749.99	10%	0	No Tax	No Tax	No Tax	No Tax
From	20 750.00	up to	20 999.99	10%	50	0	No Tax	No Tax	No Tax
From	21 000.00	up to	21 249.99	10%	75	25	0	No Tax	No Tax
From	21 250.00	up to	21 749.99	10%	100	50	25	0	No Tax
From	21 750.00	up to	22 249.99	10%	150	100	75	50	0
From	22 250.00	up to	32 749.99	15%	200	150	125	100	50
From	32 750.00	up to	60 749.99	20%	1 775	1 725	1700	1675	1625
From	60 750.00	up to	144 749.99	25%	7 375	7 325	7300	7275	7225
From	144 750.00	and above		32%	28375	28325	28300	28275	28225

#### Non-Resident

The Non-resident employees are taxed at a flat rate of 20%.

### 4. Benefits In Kind

Fringe benefits must be quantified in Meticaís and according with the following rules, which must be successively applied:

- by the official price;

- by the official acquisition quotation;
- by the market value, in competition conditions.

Special valuation rules apply to:

- the rent-free use of a dwelling not owned by the employer within a business compound, which is valued at either the actual rental cost to the employer or, if there is no such cost, the market rent, limited to one sixth of the taxpayer's employment income;
- the free use of a company car at the company's expense under a written agreement with the employee, which is valued at 3% of its purchase price or production cost annually; and
- loans granted by the employer free of interest or at an interest rate lower than the central bank's prevailing rediscount rate, which are valued at the difference between such rates of interest.

## 5. Exempt Income

The following do not constitute taxable employment income:

- payments made by employers to compulsory social security schemes for the sole purpose of ensuring retirement, invalids or survival benefits;
- Medical insurance, personal accidents or life insurance which exclusively guarantee death or disability risks.
- benefits that are attributable to the use and enjoyment of leisure and social facilities supplied by the employer, under certain conditions such as; Day-nurseries, kinder gardens, canteens, libraries, schools, prevention and medical and medication assistance to HIV positive persons.
- payments related exclusively to the professional training of employees; and
- Compensations for dismissal with just cause received by the employee, resulting from the termination of the employment contract by the initiative of the employer or employee.

## 6. Social Security (INSS)

The rate of contribution is for an employee is 3% of gross income and employers contribute 4%. Employers must withhold from the salary paid the contributions due by their employees.

## 7. Imposto Pessoal Autárquico (IPA) – Municipal Personal Tax

In the case of IPA taxpayers who are simultaneously taxpayers of the IRPS – 1<sup>st</sup> category, the IPA is usually collected by withholding the amount on the respective salaries processed by the employer.

The applicable rates are available from the local municipality. Usually a fixed rate.

Employee contribution. Employer doesn't pay.

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