



AUG. 20

ANGOLA

New rules for current invisible operations

Note on Circular Letter No. 002/DCC/2020

With the approval of Notice No. 2/2020, of January 2020 (“Notice 2/2020”), the National Bank of Angola (“BNA”) introduced a greater flexibility in the foreign exchange sector, as it eliminated prior licensing and delegated on commercial banks the validation of the operations. With the publication of the *Circular Letter* No. 002/DCC/2020, of 18 August 2020 (“*Circular*”), the BNA increases again the compliance level by introducing new requirements for the validation and execution of contract of current invisible operations (“CIs”).

The *Circular* only applies to specialized technical services contracted by resident entities from non-resident entities. The statute thus excludes other CIs such as lease, reinsurance and similar agreements.

The *Circular* establishes compliance with Notice 2/2020 and introduces new elements the bank must validate in order to settle the operations, including:

- Resident entity must provide financial information to validate KYC and KYB elements;
- Procurement of technical or specialized services is limited to services not available in Angola;
- Are considered as technical assistance (i) services related with specialized equipment, services related with information systems (hardware and software), telecommunication services and similar and (ii) professional services in the areas of law, medicine, engineering, architecture, accounting, training, education and similar;
- It is “recommended” avoiding hiring expatriate employee(s) through service agreement when these expatriates have an employment relationship with the non-resident entity providing services;

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- It is “recommended” companies engaged in trading of food products and other entities which do not require specialized professional services do not contract services abroad, although the bank may assess exceptions;
- Contracts with individuals must be submitted with the relevant CV to attest capacity of the provider;
- Intragroup contracts shall be made within market prices where (i) large taxpayers shall present the price transferring dossier and (ii) other taxpayers shall present estimates from other providers in the country of origin of the relevant provider;
- Contracts must not contain vague, imprecise or undetermined object, such as counseling, consultancy, management, marketing or procurement;
- Contracts must include (i) itemized description of the services and its purposes, (ii) work plan or criteria for provision of work and (iii) elements of the technical personnel allocated to the project;
- Contracts should not exceed 24 months, although one extension may be allowed in certain cases, automatic renewal is not allowed and a “termination with prior notice” clause should be included;
- When the amount is variable, the contract should establish a maximum contract amount;
- Several contracts between the same entities shall trigger a special assessment by the bank;
- Foreign exchange fraud shall be reported to the BNA and the Financial Information Unit.

"Intragroup contracts shall be made within market prices where (i) large taxpayers shall present the price transferring dossier and (ii) other taxpayers shall present estimates from other providers in the country of origin of the relevant provider."

We highlight the Circular applies to Contracts already in force. If the bank determines a specific contract does not comply with the new framework, it shall give the parties a 90-day period to rectify the situation. ■