IRPS and Social Security

Reference guide to the taxation of individuals and to mandatory social security contributions: tax residence, fringe benefits, the withholding table, rates by income type and the INSS regime.

LEGAL FRAMEWORK

Personal Income Tax Code approved by **Law no. 33/2007 of 31 December**, as amended by **Law no. 11/2025 of 29 December**, in force since 1 January 2026. Mandatory Social Security under the applicable law and regulation.

1 Tax residence

Individuals are resident in national territory where they have their principal residence in Mozambique; where they carry on a professional activity in Mozambique, remunerated or otherwise, unless they can show it is a secondary activity; where they hold public office in the service of the Mozambican State abroad; or where they are crew members of vessels or aircraft operated by companies with head office or effective management in Mozambique.

Residents are taxed on all their income, including income obtained outside the territory. Non-residents are taxed only on income obtained in Mozambican territory.

2026 CHANGE

The test based on presence exceeding 180 days was removed. Any person working in Mozambique is now covered, regardless of nationality or length of physical presence. Companies with expatriate staff must reassess each employee's status.

2 Employment income

The Code states unambiguously that **all economic advantages provided to an employee arising from the employment relationship or its equivalent constitute remuneration** and are taxed as employment income.

This covers remuneration under an employment contract or equivalent; work supplied under a services contract but under the authority and effective direction of the recipient; and the exercise of public service.

2.1 Fringe benefits

The concept covers any rights and benefits not included in base salary, granted to the employee by virtue of the employment relationship and constituting an economic advantage. They must be quantified in Meticais at the official price, at the official acquisition quotation, or at market value under competitive conditions.

PRACTICAL CONSEQUENCE

Allowances paid as a fixed monthly amount — housing, transport, telephone and the like — are fringe benefits and form part of the tax base. It is not permissible to compute personal income tax separately on base salary and on allowances: the tax is progressive on the total income of the period.

3 Withholding table — residents

Withholding at progressive rates up to 32%, applicable to resident employees, by reference to income and number of dependants.

INCOME BAND (MZN)		AMOUNT TO DEDUCT, BY NUMBER OF DEPENDANTS					RATE
MINIMUM	MAXIMUM	0	1	2	3	4	
—	20,249.99	—	—	—	—	—	0%
20,250.00	20,749.99	—	—	—	—	—	10%
20,750.00	20,999.99	50.00	—	—	—	—	10%
21,000.00	21,249.99	75.00	25.00	—	—	—	10%
21,250.00	21,749.99	100.00	50.00	25.00	—	—	10%
21,750.00	22,249.99	150.00	100.00	75.00	50.00	—	10%
22,250.00	32,749.99	200.00	150.00	125.00	100.00	50.00	15%
32,750.00	60,749.99	1,775.00	1,725.00	1,700.00	1,675.00	1,625.00	20%
60,750.00	144,749.99	7,375.00	7,325.00	7,300.00	7,275.00	7,225.00	25%
144,750.00	**and above**	**28,375.00**	**28,325.00**	**28,300.00**	**28,275.00**	**28,225.00**	**32%**

Method: apply the band rate to the difference between the income and the lower limit of the band, then add the amount corresponding to the number of dependants.

4 Rates by income type — residents

INCOME	RATE
Self-employment (supply of services)	20%
Intellectual or industrial property	20%
Use of agricultural or industrial equipment	20%
Immovable property	20%
Agency commissions	20%
Debt securities listed on the MSE	20%
Other investment income (dividends) or swap transactions	20%
Interest on term deposits	10%
Securities listed on the Mozambique Stock Exchange	10%
Commissions of electronic money agents	10%
Supply of digital goods or services by non-residents where the supplier is not a taxable person	10%
Professional performers and sportspeople	10%

5 Non-residents

Withholding at a flat rate of 20% where the recipient is not resident or earns income as a supplier of services.

INCOME	RATE
Supply of services not specifically listed	20%
Intellectual or industrial property	20%
Investment income (dividends)	20%

INCOME	RATE
Immovable property	20%
Interest on treasury bills, debt securities on the MSE and interbank liquidity swaps	20%

6 2026 changes to note

- **Capital gains:** separate taxation at progressive rates between 10% and 32%.
- **Property income:** the presumed deduction of up to 30% for maintenance and upkeep is removed. Only expenses actually incurred and evidenced are accepted up to that limit, together with interest paid to Mozambican credit institutions on loans for the construction of own housing. The 30% reduction applied to the withholding rate is also removed.
- **Withholding on employment income:** no longer treated as final. Filing the annual income return (Form 10) becomes mandatory for all taxable persons, including those with employment income only.
- **Special regimes:** the simplified and exemption regimes were abolished; taxpayers registered under them move to organised accounting.

7 Mandatory Social Security

> **LEGAL FRAMEWORK**
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> Mandatory Social Security Regulation (RSSO), approved by **Decree no. 51/2017 of 9 October**, which repealed Decree no. 53/2007. Amended by **Decree no. 56/2024 of 30 July**, revising articles 5, 27, 60, 73 and 110 to give effect to the new Labour Law, with retroactive effect to 21 February 2024.

7.1 Registration and foreign employees

All employees, Mozambican and foreign, are covered, regardless of sector and including part-time work, **and including probationary periods and paid internships** (article 3). Coverage extends to directors, managers and members of corporate bodies who are remunerated, including in single-member companies, and to sole traders with employees.

The obligation does not apply to foreign employees who prove they are covered by another country's social security system. The supporting document must be authenticated by the Mozambican consular services in the country of origin, or its conformity with the formalities of the issuing country declared by the competent authority (article 4).

OBLIGATION	DEADLINE
Employer registration, from start of activity or acquisition of the business	15 days
Submission of employee documents to INSS, from the start of the contract	30 days
Notification of changes, cessation of activity or of contract	30 days
Payroll return and payment of contributions	20th of the reference month to the 10th of the following month

Where the deadline falls on a Saturday, Sunday or public holiday, it moves to the next working day. Until termination of the contract is notified, the employment relationship is presumed to continue and the contribution obligation remains.

7.2 Contribution base

Under article 11, the base comprises:

- Salary;
- Seniority bonus;
- Management gratuity;
- Performance, productivity and attendance bonuses **granted on a regular basis**;
- Remuneration for substitution;

- Night work premium;
- Other bonuses, allowances, commissions and similar payments **granted on a regular basis**.

> **THE DECISIVE TEST**
>
> It is **regularity**. An allowance paid every month in a fixed amount forms part of the contribution base. Under Note no. 246/INSS/GAB-DG/432/2024, additional amounts relating to profit sharing, dividends, holiday pay and similar items do not form part of the base and are not used in calculating the pension.

7.3 Contribution rate

COMPONENT	RATE
Employee	3%
Employer	4%
Total monthly	**7%**

Contributions are due from the first day of the contractual relationship until the day the remunerated activity ceases (article 14).

7.4 Benefits — conditions and amounts

BENEFIT	QUALIFYING PERIOD	AMOUNT
Sickness benefit	6 months of contributions in the previous 12 months, and 20 days with recorded earnings in one of the last 2 months	70% of average daily salary
Maternity benefit	12 months of contributions in the 18 months before the birth	100% of average daily salary, 90 days
Paternity benefit	12 months of contributions in the 18 months before the birth	7 days, or 60 days on the mother's death or incapacity
Hospitalisation benefit	3 months of contributions in the previous 12 months	daily rate in force in the National Health Service
Old-age pension	240 months of contributions, at 55 (women) or 60 (men); or 420 months regardless of age	(N/420) × average monthly earnings
Reduced pension	at least 120 months, on reaching the age	50% of the old-age pension
Invalidity pension	30 months of contributions in the last 5 years	formula in article 39
Death benefit	3 years of registration and 6 months of contributions in the previous 12 months	6 × average monthly earnings
Survivor's pension	60 months of contributions at the date of death	pension value on the conditions met

Sickness benefit has a three-day waiting period — certificates of up to three days are not paid — and is payable for a maximum of 365 continuous days, after which the beneficiary moves to the invalidity regime. The minimum old-age pension may not be less than 90% of the lowest national minimum wage. An employee may not take paternity leave within one year and six months of the previous leave.

7.5 Return and refund of contributions

Article 123 of the RSSO governs two distinct situations:

SITUATION	CONDITIONS
Return of wrongly paid contributions	Only where payment did not result from application of the law. The value of all benefits granted on the basis of those contributions is deducted from the amount returned

SITUATION	CONDITIONS
Refund to a foreign beneficiary	A beneficiary of foreign nationality, covered by the pensions system, who leaves national territory permanently before becoming entitled to a pension, provided INSS has not concluded a bilateral social security agreement with their country of origin

ONE-YEAR TIME LIMIT

The right to apply for the return or refund of contributions **lapses one year from the date of payment of the last contribution** (article 123(4)). After that period the right is extinguished. Foreign employees leaving service should be told at the point of departure, not afterwards.

Two points of precision: the refund covers only contributions paid **to the pensions branch**, not all contributions; and the condition is leaving the territory before *becoming entitled to a pension*, which is not the same as simply reaching an age.

7.6 Non-compliance — penalties, interest and prescription

SITUATION	CONSEQUENCE
Failure to submit registration documents for the company or employee; failure to notify changes	1 to 5 minimum wages
Failure to submit the payroll return; failure to pay contributions; false declarations by the employer	1 to 3 minimum wages
Late submission of registration documents or of the payroll return; omission of an employee's name	1 to 2 minimum wages
Late payment of contributions	default interest of 2% per month or part month
Prescription of contributions due	**10 years**

The penalty is applied as many times as there are employees in an irregular position. Retention by the employer of contributions deducted from employees' pay is punishable as the **criminal offence of breach of trust**. Unjustified refusal to produce supporting documents is punishable as the offence of disobedience.

REMEDIES

Decisions of INSS executive bodies may be appealed to the Administrative Appeals Committee within **60 days** of notification (article 97). Enforced collection is preceded by a 15-day grace period during which the position may be regularised. INSS may enter into debt amortisation agreements, provided the contributor has no proceedings before the courts and the debt does not arise from breach of trust; default exceeding 60 days annuls the agreement and sends the full debt to enforced collection.

8 Calendar and foreign employees

OBLIGATION	DEADLINE
Personal income tax return — Form 19	By the 20th day of the following month
Payroll return to INSS	By the 10th day of the following month
Nominal list of employees	By 30 June each year

Quotas for hiring foreign employees under the general labour regime:

SIZE OF MOZAMBICAN WORKFORCE	FOREIGN EMPLOYEE LIMIT
Up to 10 Mozambican employees	10%
Between 11 and 100 Mozambican employees	8%

SIZE OF MOZAMBICAN WORKFORCE	FOREIGN EMPLOYEE LIMIT
At least 100 Mozambican employees	5%

Companies holding an Investment Authorisation that pre-establishes the number of foreign employees required are governed by that authorisation.

Payroll and compliance

RT Serviços handles payroll processing, personal income tax and social security computation, the issue of payslips and income statements, and filing with the Tax Authority and INSS.

RT SERVIÇOS

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Sources: Personal Income Tax Code, Law no. 33/2007 of 31 December · Law no. 11/2025 of 29 December, Boletim da República no. 248 · Note no. 246/INSS/GAB-DG/432/2024 · Mandatory Social Security Regulation, approved by Decree no. 51/2017 of 9 October, as amended by Decree no. 56/2024 of 30 July (Boletim da República no. 147, Series I) · RSM Mozambique, *Tax Pocket Guide 2026* · PwC, *Tax Flash Mozambique — Amendments to the PIT Code*.