Tax Package 2026

In force since 1 January 2026, the package published on 29 December 2025 amends VAT, personal income tax, corporate income tax and the simplified regime for small taxpayers. Two measures change the position of a significant number of taxpayers: the abolition of the exemption and simplified regimes, and the taxation of the digital economy.

THE ESSENTIALS IN FIVE POINTS

- The exemption and simplified taxation regimes were **abolished**. Taxpayers registered under them move to organised accounting.
- Digital goods and services become subject to VAT where the customer is located in Mozambique, **regardless of where the supplier is established**.
- Where the supplier is non-resident, the VAT liability falls on the **Mozambican customer**, through reverse charge.
- The 180-day test for **tax residence** was removed. Carrying on a professional activity in the country is now sufficient.
- The **ISPC** now has progressive rates and a five-year cap on membership for liberal professions.

1 Value Added Tax

Law no. 10/2025 of 29 December amended the VAT Code approved by Law no. 32/2007 of 31 December. The standard rate **remains at 16%**. What changes is the tax base and the compliance mechanics.

1.1 Digital goods and services covered

The VAT Code now expressly covers:

- Software, applications and digital platforms (SaaS);
- Cloud computing services;
- Media, streaming and digital content services;
- Digital financial services;
- Digital intermediation and other electronically supplied services;
- Digital assets with economic value.

1.2 Place of supply

Supplies of digital goods and services are taxable in Mozambique whenever the customer is domiciled or established in national territory, regardless of the supplier's residence or establishment.

1.3 Reverse charge

Whenever the supplier is non-resident, the obligations to assess, report and pay VAT fall on the Mozambican customer through the reverse charge mechanism, under terms to be regulated.

PRACTICAL IMPACT

Any company paying for software subscriptions, cloud storage, digital advertising or foreign platforms now has an obligation to account for VAT on those purchases. We recommend a full review of contracts and subscriptions with non-resident suppliers, and of internal procedures for recording this expenditure.

1.4 Invoicing and reporting obligations

- Reinforced obligation to **submit invoices electronically** to the Tax Authority;
- Adjusted deadlines for periodic returns, depending on whether there is tax payable, credit or isolated transactions;

- New **digital services return** for supplies by non-residents, to be filed by the 10th day of the month following the transactions, under paragraph (c) of article 32 of Law no. 10/2025.

2 VAT refunds

Decree no. 52/2025 of 29 December revised the VAT Refund Regulation, tightening documentary and procedural requirements.

2.1 Documentation required

Claims must now include, among other items, detailed customer, invoice and transaction listings; monthly analytical trial balances; duly acknowledged service agreements; and evidence of exports and repatriation of proceeds, where applicable. All supporting documents must be signed and stamped.

2.2 Suspension of the refund period

The Tax Authority may suspend the refund period where further verification of the credit is required. In such cases it issues a suspension notice stating the reasons, identifying the legal basis, specifying the documentation required, and setting a 30-day period for the claimant to regularise the position.

2.3 Special regime — mining and petroleum sectors

A special mechanism was created for the exploration, prospecting, development and production phases, with tacit approval where no express decision is issued within 90 days — reduced to 60 days from 2028. Eligibility requires a minimum investment of USD 25 million in the exploration or development phases, or exports exceeding 60% of turnover in the production phase. Access requires prior written registration with the Directorate General of Taxes, valid for 12 months and renewable annually.

Where the taxpayer has a history of tax irregularities, the Directorate General of Taxes may require security up to the amount claimed, except where refunds are claimed monthly or where there is a credit position in the overall balance for the last 12 tax periods. Refusal decisions may be challenged by administrative complaint, to be decided within 45 calendar days, or by hierarchical appeal, to be decided within 30 days.

3 Personal Income Tax

Law no. 11/2025 of 29 December amended articles 21, 22, 26, 34, 48, 50, 57, 65, 65-A and 72 of the Personal Income Tax Code, and repealed paragraphs (b) and (c) of article 30(1), article 33, paragraph (b) of article 52(2), article 65(4), and articles 73 and 74.

3.1 Tax residence

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, by reference to principal residence, principal professional activity or centre of economic interests.

> **ATTENTION — FOREIGN EMPLOYEES**
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> This change reclassifies as tax residents expatriate employees who previously fell outside on the day-count test. Companies with foreign staff, work permits (DIRE) or short-term contracts must reassess each employee's status and personal income tax position.

3.2 Withholding on employment income

The provision treating withholding on employment income as final was removed (article 65-A(6)), as was the exemption from filing the annual return (Form 10) for individuals whose only income was employment income already subject to withholding (article 52(2)(b)).

> **PRACTICAL IMPACT**
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> Employees who previously did not file an annual return must now do so. This requires timely communication to client company staff, ahead of the filing season.

3.3 Other changes

- **Digital economy:** final withholding at 10% where the income is payable by tax residents. Implementing regulations are awaited.
- **Electronic money agents:** commissions on electronic money transactions are subject to final withholding at 10%. Implementing regulations are likewise awaited.
- **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.

4 Corporate Income Tax

The reform broadens the definition of permanent establishment. A permanent establishment is now deemed to exist in Mozambique where construction or installation activities last more than 90 days — previously six months — or where services, including consultancy and other independent activities, are supplied in Mozambique for more than 90 days in a 12-month period, even without physical presence.

PRACTICAL IMPACT

The services permanent establishment test without physical presence substantially increases exposure for foreign suppliers serving Mozambican clients remotely. Technical assistance and consultancy contracts with non-resident entities should be reviewed.

5 Simplified Tax for Small Taxpayers (ISPC)

The ISPC revision is set out in **Law no. 9/2025 of 29 December**, effective from 1 January 2026, and affects eligibility, rates, frequency and duration of membership. The threshold is **MZN 4,000,000** in annual turnover. The new rates replace the previous fixed annual amount of MZN 75,000.00 or, alternatively, 3% of turnover.

ACTIVITY	TURNOVER BAND	RATE
Commercial, industrial, agricultural and similar	Up to MZN 1,000,000	3%
Commercial, industrial, agricultural and similar	MZN 1,000,001 to 2,500,000	4%
Commercial, industrial, agricultural and similar	MZN 2,500,001 to 4,000,000	5%
Technical and manual services — plumbing, carpentry, masonry, electrical work, barbering, gardening, mechanics	Flat rate	12%
Liberal professions — lawyers, economists, geologists, engineers, accountants, consultants	Flat rate	15%
Excess over the maximum threshold		**20%**

Liberal professions are now subject to a **maximum five-year period** in the regime, regardless of turnover, under article 9-A of Law no. 9/2025. The tax period moved from annual to **quarterly**. The obligations to issue invoices or equivalent documents and to file periodic information with the Tax Authority remain, and tax of less than MZN 500 is exempt from payment, although reporting obligations continue to apply.

TWO NEW RULES THAT ARE OFTEN MISSED

Exclusion for single-client dependence: the ISPC does not apply to liberal professionals who supply services to the same client for more than **183 days** in the year.

Withholding on unregistered suppliers: where ISPC taxpayers acquire goods or services from individuals not registered for tax purposes, up to an overall annual limit of MZN 2,500,000, they must issue an invoice on the supplier's behalf, containing the elements required by the VAT Code, and withhold 5% as a final tax, remitting it to the Tax Authority.

6 Excise duty, customs tariff and external trade

Excise duty rates were extended to 2027, applying to alcoholic and non-alcoholic beverages, tobacco, fuels and derivatives, with revenue allocated to sectors including Health, Roads, Energy, Transport, Housing, Culture and Sport. On customs, new tariff codes and technical adjustments were introduced, the tariff dismantling schedule under the African Continental Free Trade Area was updated, and measures protecting domestic industry were reinforced with temporary import restrictions on certain products.

7 Pending regulations

The Government has 180 days from entry into force — that is, until June 2026 — to approve the implementing regulations. As at the date of this issue, several central mechanisms of the package still depend on those regulations to be fully operational, notably the VAT reverse charge on digital services, the processing of withholding on digital economy income and electronic money commissions, and the submission of invoices to the Tax Authority.

MONITORING NOTE

RT Serviços is monitoring the publication of the implementing decrees and will inform affected clients as soon as they are published. Until regulations exist, the substantive obligations remain in force: the absence of a regulation does not suspend the law.

WHAT TO DO NOW

1. Check whether your company was registered under the exemption or simplified regime. If so, plan the transition to organised accounting.
2. Compile all subscriptions and contracts with non-resident digital suppliers.
3. Reassess the tax residence status of all foreign employees.
4. Review technical assistance and consultancy contracts with non-resident entities against the new 90-day test.
5. If in the ISPC, assess whether to remain in the regime given the new rates and the five-year cap for liberal professions.
6. Inform employees of the obligation to file the annual personal income tax return.

Need to assess the impact on your business?

RT Serviços is available to analyse how the Tax Package 2026 applies to your specific activity and to prepare the necessary adaptation plan.

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Sources: Law no. 9/2025, Law no. 10/2025, Law no. 11/2025 and Decree no. 52/2025, all of 29 December, published in Boletim da República no. 248 · RSM Mozambique, *Tax Alert — Tax Package 2026* · PwC, *Tax Flash Mozambique — Amendments to the PIT Code* · PLMJ, *Tax Reform in Mozambique* · DLA Piper Africa / SAL & Caldeira, *Amendments to the ISPC* · Moore Mozambique, *Newsletter January 2026*.