

Note 13. Non-current assets held for sale

As at 31 December 2019 and 2018, this balance is analysed as follows:

(AOA thousand)

	31.12.2019	31.12.2018
Non-current assets held for sale		
Real estate	92,303,461	67,768,063
	92,303,461	67,768,063
Impairment losses	(3,674,682)	(1,977,402)
Total	88,628,779	65,790,661

The amounts presented relate to real estate and similar properties received in donation and facilities that are not in use, available for immediate sale. As at 31 December 2019, the value of real estate and similar properties amounted to AOA 90,246,647 thousand (2018: AOA 64,784,882 thousand) and the value of facilities that are not in use amounted to AOA 2,056,854 thousand (2018: AOA 2,983,181 thousand) and the Bank recorded an impairment for these assets in the total amount of AOA 3,674,682 thousand (2018: AOA 1,977,402 thousand).

Changes occurred in impairment losses were as follows:

(AOA thousand)

	31.12.2019	31.12.2018
Opening balance	1,977,402	707,322
Charge for the period/(Reversals)	1,697,280	1,201,429
Charge off	-	-
Exchange differences and other	-	68,651
Closing balance	3,674,682	1,977,402

Changes in non-current assets held for sale during 2019 and 2018 were as follows:

(AOA thousand)

	31.12.2019	31.12.2018
Opening balance	67,768,063	44,251,822
Increases	56,792,066	29,114,740
Disposals	(36,399,943)	(6,163,080)
Reclassifications/transfers	4,143,275	564,581
Closing balance	92,303,461	67,768,063

In 2019 and 2018, inflows relate to land received as recovery in compliance with the restructuring of a set of loans related with a real estate project.

Where the asset is not disposed of within two years, the Bank assesses whether the requirements continue to be met, in particular if the sale has not taken place for reasons other than the Bank. The Bank shall ensure that all necessary actions have been taken to enable the sale and that the asset continues to be actively marketed and at reasonable selling prices given the market circumstances. As a result of the efforts made, disposals of a pool of assets amounting to AOA 36,399,943 thousand were made.

Note 14. Taxes

The Bank is subject to Industrial Tax, and is considered a Group A tax payer.

Income taxes (current or deferred) are recognised in profit and loss for the year, except where transactions giving rise to it have been carried in other equity items. In such situations, the corresponding tax is also carried against equity, and does not affect profit and loss for the year.

The current tax for the years ended on 31 December 2019 and 2018 was calculated in accordance with article 64, paragraph 1 of Law No. 19/14, of 22 October, using the applicable tax rate of 30%.

Tax returns are subject to review and correction by tax authorities for a 5-year period. This could result in different interpretations of tax law, resulting in corrections to taxable profit for the last five years. However, no significant correction is to be expected in respect to those years and, if it occurs, no significant impacts on the financial statements are expected.

Taxes losses generated in each year, as set out in article 48 (paragraph 1) of the Industrial Tax Code, can be deducted from taxable income for 3 subsequent years.

Deferred taxes are calculated using the tax rates expected to be in force when the temporary differences are reversed, which correspond to the rates enacted or substantively enacted at the balance sheet date. Thus, for the periods ended 31 December 2019 and 2018, deferred tax was generally calculated based on a 30% rate.

Deferred tax assets and liabilities as at 31 December 2019 and 2018 are analysed as follows:

(AOA thousand)

	Assets		Liabilities		Net	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Loans to Customers (direct and indirect)	418,349	1,680,334	-	-	418,349	1,680,334
Available-for-sale securities portfolio	152,159	203,611	68,602	862,012	83,557	(658,401)
Other provisions	1,718,482	703,674	-	-	1,718,482	703,674
Other	-	(51,000)	-	-	-	(51,000)
Deferred tax assets/(liabilities)	2,288,990	2,536,619	68,602	862,012	2,220,388	1,674,607

Changes in deferred taxes recorded in the balance sheet were offset as follows:

(AOA thousand)

	31.12.2019	31.12.2018
Opening balance	1,674,607	(588,867)
Impact of transition to IFRS 9	-	1,654,999
Recognised in the income statement	(247,629)	787,589
Recognised in reserves - other comprehensive income	793,410	(116,139)
Exchange differences and other	-	(62,975)
Closing balance (assets/(liabilities))	2,220,388	1,674,607

Tax recognised in the income statement and reserves during the periods ended on 31 December 2019 and 2018 have the following sources:

(AOA thousand)

	31.12.2019		31.12.2018	
	Recognised in the income statement	Recognised in reserves	Recognised in the income statement	Recognised in reserves
Loans to Customers (direct and indirect)	(1,261,985)	-	39,311	-
Available-for-sale securities portfolio	(51,452)	793,410	60,012	(116,139)
Provisions	1,014,808	-	688,266	-
Other	51,000	-	-	-
Deferred taxes	(247,629)	793,410	787,589	(116,139)
Current taxes	-	-	131,263	-
Total tax recognised	(247,629)	793,410	918,852	(116,139)

The reconciliation of the effective tax rate, with respect to the amount recognised in the income statement, is analysed as follows:

(AOA thousand)

	31.12.2019		31.12.2018	
	%	Value	%	Value
Profit before tax	-	30 712 491	-	26,306,236
Tax rate	30.0	-	30.0	-
Tax based on the tax rate	-	9,213,747	-	7,891,871
Life and health insurance (Article 18)	0.0	8,396	0.0	8,324
Exceeding amortizations (Article 40)	0.4	109,215	0.3	67,163
Provisions (Article 36)	1.9	571,385	5.1	1,353,573
Capital Gains Tax and Property Tax (Article 18)	3.2	983,760	2.5	651,501
Fines and charges (Article 18)	0.0	7,311	0.5	133,622
Grants (Article 18)	0.9	271,563	0.3	82,433
Social welfare charges (Article 15)	0.1	42,116	0.2	51,770
Changes related to previous periods and extraordinary (Article 18)	0.4	108,580	1.2	324,978
Non-specified expenditure	1.0	302,843	1.2	319,635
Income subject to Capital Gain Tax (Article 47)	(38.1)	(11,712,340)	(39.0)	(10,265,277)
Other	(0.6)	(189,041)	(2.4)	(631,388)
Tax payable - current tax liabilities	-	-	-	-
Other charges - Industrial tax	-	-	-	(131,263)
Income tax for the period	-	-	-	(131,263)

Income from public debt securities resulting from Treasury Bonds and Treasury Bills issued by the Angolan Government, whose issue is regulated by Presidential Decree No. 259/10, of 18 November and Presidential Decree No. 31/12, 30 of January, is exempted from all taxes.

In addition, Presidential Legislative Decree No. 5/11, of 30 December (revised and republished through Presidential Legislative Decree No. 2/14, of 20 October) implemented a rule of subjection to CGT over income of public debt securities resulting from Treasury Bonds and Treasury Bills issued by the Angolan Government.

Nevertheless, and in accordance with article 47 of the Industrial Tax Code (Law No. 19/14, of 22 October), in force since 1 January 2015, to determine the taxable income, income subject to Capital Gains Tax will be deducted.

Thus, to determine taxable income for the years ended on 31 December 2019 and 2018, such income was deducted from taxable income.

Likewise, the expenditure calculated with the settlement of Capital Gains Tax is not accepted for tax purposes for the calculation of the taxable amount, as set out in subparagraph a) of paragraph 1 of article 18 of the Industrial Tax Code.