

Note 14 – Taxes

As at 31 December 2024 and 31 December 2023, the caption Current tax assets is presented as follows:

	AOA thousand	
	31-12-2024	31-12-2023
Current tax assets		
Other taxes receivable	2,604,027	2,464,674
	2,604,027	2,464,674

As at 31 December 2024 and 31 December 2023, the caption “Current tax assets” includes (i) taxes recoverable through the provisional settlement of Industrial Tax for the financial years 2017 and 2018, in the amounts of AOA 694,824 thousand and AOA 543,364 thousand, respectively, (ii) an amount to be recovered from the Tax Authorities (AGT) in the amount of AOA 580,295 thousand, and (iii) provisional settlement of Industrial Tax on services (“withholding tax”) for the years 2021 and 2022 in the amounts of AOA 58,958 thousand and AOA 51,729 thousand, respectively.

Regarding the assessment and payment of provisional Industrial Tax, in accordance with Article 66(10) of the Industrial Tax Code, as amended by Law 26/20 of 20 July, the Bank assessed the tax for the 2023 financial year.

As at 31 December 2024 and 31 December 2023, Deferred tax assets and Deferred tax liabilities are as follows:

	AOA thousand					
	Assets		Liabilities		Net	
	31-12-2024	31-12-2023	31-12-2024	31-12-2023	31-12-2024	31-12-2023
Deferred tax assets/(liabilities)						
Impairment not accepted	4,559,386	3,657,438	-	-	4,559,386	3,657,438
Securities portfolio	-	-	(2,209,028)	-	-	(2,209,028)
Other property, plant and equipment	-	-	(5,462,501)	(4,550,000)	(5,462,501)	(4,550,000)
Other financial assets	-	-	-	(471,111)	-	(471,111)
Potential changes in foreign exchange rates	-	-	(45,714,658)	(61,447,608)	(45,714,658)	(61,447,608)
Tax losses carried forward	-	-	45,714,658	61,447,608	45,714,658	61,447,608
	4,559,386	3,657,438	(5,462,501)	(7,230,139)	(903,115)	(3,572,701)

In 2020, Law 26/20 of 20 July was published which introduced several amendments to the corporate income tax system provided for in the Industrial Tax Code, namely to Articles 13 and 14 (Income or gains/Costs or expenses) and Article 45 (Provisions).

In particular, a rewording of the rules on income and gains of a financial nature has been carried out, as provided for in Articles 13(c) and 14(c) of the Industrial Tax Code, so that only realised favourable and unfavourable exchange rate changes will now be considered as income and costs of this nature. Moreover, Article 45 of the Industrial Tax Code has been amended, with the introduction of a new paragraph 4 to the list of articles, which now states that “Provisions set up for collateralised loans are not accepted, except for the part not covered”.

Accordingly, for the purposes of calculating current and deferred tax, the Bank considered the effects arising from the changes in the Industrial Tax Code, namely those related to (i) costs and income with unrealised exchange rate valuations and devaluations and (ii) costs with impairment losses on amounts of loans secured by collaterals.

It should be noted that these tax changes are under review and discussion between Associação Angolana de Bancos (ABANC) and the Angolan Tax Authority (AGT), with some uncertainties persisting as to (i) the procedures for calculating these adjustments, (ii) the type of deferred tax assets and liabilities to be considered on the effects of unrealised exchange rate changes and (iii) the type and valuation of collaterals for purposes of determining impairment losses not accepted for tax purposes.

In view of the above and in accordance with the provisions of IAS 12, deferred tax liabilities should be recognised in their entirety, whereas a deferred tax asset should only be recognised if it is certain that future taxable profit will be sufficient to allow its recoverability to be evidenced within the period laid down in the tax law. Accordingly, the Bank, using the best possible estimate, calculated the Industrial Tax for 2021 and 2022, considering the changes disclosed in the AGT letter (reference no. 1633/GAGA/GJ/AGT/2021, of 8 April), and the projections of the tax results for the next five years.

As at 31 December 2024, it was calculated deferred tax liabilities related to potential exchange rate changes in the amount of AOA 45,714,658 thousand, considering the net effect of this nature of deferred tax, and deferred tax assets related to tax losses generated in the year and in previous years in the amount of AOA 45,714,658 thousand.

As at 31 December 2023, it was calculated deferred tax liabilities related to potential exchange rate changes in the amount of AOA 61,447,608 thousand, considering the net effect of this nature of deferred tax, and deferred tax assets related to tax losses generated in the year and in previous years in the amount of AOA 61,447,608 thousand.

The Bank records deferred tax assets and deferred tax liabilities on an offsetting basis, since they relate to income taxes levied by the same tax authority and considering that the taxable temporary differences are expected to reverse in the same period.

As these deferred tax assets and liabilities are offset, their impact on the income statement is null, and no materially relevant future financial impacts are anticipated, resulting from the aforementioned Law and further clarifications to be made by the AGT.

Changes in “Deferred tax assets” and “Deferred tax liabilities” are presented as follows:

	AOA thousand	
	31-12-2024	31-12-2023
Opening balance	(3,572,701)	3,597,268
Recorded in profit or loss	901,948	(92,705)
Recorded in reserves - other comprehensive income	1,767,878	(7,077,264)
Other changes	(240)	-
Closing balance (Assets/(Liabilities))	(903,115)	(3,572,701)

As at 31 December 2024 and 31 December 2023, tax recorded in profit or loss and reserves is as follows:

	AOA thousand			
	31-12-2024		31-12-2023	
	Recorded in profit or loss	Recognised in reserves	Recorded in profit or loss	Recognised in reserves
Impairment not accepted	901,948	-	(92,705)	-
Other property, plant and equipment	-	(912,501)	-	(4,550,000)
Securities portfolio	-	2,209,268	-	(2,056,153)
Other financial assets	-	471,111	-	(471,111)
Deferred Tax	901,948	1,767,878	(92,705)	(7,077,264)
Total tax recognised in the period	901,948	1,767,878	(92,705)	(7,077,264)

As at 31 December 2024 and 31 December 2023, the estimated industrial tax of the Bank can be analysed as follows:

	31-12-2024		31-12-2023	
	%	Amount	%	Amount
Profit/(loss) before tax		15,916,575		9,198,901
Tax rate	35.00		35.00	
Tax assessed based on the tax rate		5,570,801		3,219,615
Positive changes in equity (Article 13)	1.82	290,082	-	n.a.
Excessive Amortisation (Article 40)	0.26	41,231	2.36	216,860
Unforeseen provisions (Article 45)	35.18	5,598,660	87.03	8,005,640
Capital Gains Tax and Property Tax (Article 18)	6.49	1,033,206	14.43	1,327,319
Fines and penalties for infringements (Article 18)	0.33	52,103	2.21	203,281
Adjustments related to prior and extraordinary periods (Article 18)	3.75	596,103	5.46	502,582
Currency valuations (Article 13/14)	98.85	15,732,950	(751.84)	(69,160,784)
Income subject to Capital Gains Tax (Article 47)	(133.72)	(21,283,586)	(189.94)	(17,472,652)
Potential gains	(62.25)	(9,907,310)	(145.65)	(13,398,138)
Unforeseen provisions (Article 45)	(15.23)	(2,423,810)	(2.36)	(217,345)
Other	4.88	776,201	6.47	595,583
Tax losses - Consumer goods	-	-	-	-
Tax payable - Current tax liability	-	-	-	-
Other expense/(income) - Industrial Tax	-	-	-	-
Income tax	-	-	-	-

As at 31 December 2024, the Bank did not recognise deferred tax assets on the full amount of recoverable tax losses. Therefore, as at 31 December 2024, the Group has tax losses carried forward amounting to approximately AOA 46,657,832 thousand, on which it does not recognise deferred tax assets as their recoverability has not been demonstrated on this date.

In accordance with the applicable legislation, tax losses carried forward can be used for a period of five years.

Income from public debt securities resulting from Treasury Bonds and Treasury Bills issued by the Angolan Government, whose issue is regulated by Presidential Decree 259/10, of 18 November and Presidential Decree 31/12, of 30 January, is exempted from all taxes.



In addition, Presidential Legislative Decree 5/11, of 30 December (revised and republished by Presidential Legislative Decree 2/14, of 20 October) implemented a rule subjecting income from public debt securities resulting from Treasury Bonds and Treasury Bills issued by the Angolan State to Capital Gains Tax.

Nevertheless, in accordance with the provisions of Article 47 of the Industrial Tax Code and the Law amending the Industrial Tax Code (Law 19/14 of 22 October, in force from 1 January 2015, and Law 26/20 of 20 July, respectively), income subject to Capital Gains Tax will be deducted in the determination of the taxable amount.

Thus, to determine taxable profit for the periods ended 31 December 2024 and 31 December 2023, such income was deducted from taxable profit. Likewise, the expenditure calculated with the assessment of Capital Gains Tax is not accepted for tax purposes for the calculation of taxable profit, as provided for in Article 18(1)(a) of the Industrial Tax Code.

Notwithstanding the above, regarding income from public debt securities, in accordance with the latest understanding of Tax Authorities addressed to ABANC (letter with reference 196/DGC/AGT/2016 of 17 May 2016), only those arising from securities issued on or after 1 January 2013, are subject to this tax.

It should also be noted that, according to AGT position, the exchange revaluations of public debt securities issued in national currency but indexed to foreign currency, issued since 1 January 2013, should be subject to Industrial Tax.

Note 15 - Other assets

This caption is analysed as follows:

	31-12-2024	31-12-2023
Debtors from promissory contracts	138,103,031	123,518,549
Sundry debtors	36,394,177	29,345,774
Other assets		
Other pending transactions	12,939,772	12,426,733
Deferred expenses	5,876,831	7,491,186
Escrow accounts	333,912	333,912
Precious metals, coins, medals and other valuables	2,210	2,210
Other assets	1,248,223	331,949
	20,400,948	20,585,990
	194,898,156	173,450,313
Impairment losses	(29,287,709)	(26,433,788)
	165,610,447	147,016,525

AOA thousand