

Law No.8/2023 of 9 June

As there is a need to promote the continuous improvement of the investment and business environment in Mozambique, and considering the profound changes that have occurred since the approval of Law No. 3/93, of 24 June - Investment Law, its adaptation to the current context and dynamics of the national, regional and world economy, under the provisions of paragraph 1 of article 178 of the Constitution of the Republic, the Assembly of the Republic determines:

CHAPTER I General Provisions

Article 1 (Subject-matter)

This Law establishes the legal regime, bases and general principles applicable to the carrying out of private investments in the Republic of Mozambique which are eligible for the enjoyment of tax and non-tax incentives and guarantees.

Article 2 (Scope of application)

1. This Law applies to all ventures of an economic nature that take place in Mozambican territory that seek to benefit from guarantees and incentives of a fiscal or non-fiscal nature which are applicable under the terms of the law, namely:
 - a) domestic and foreign investments;
 - b) public-private partnerships, large-scale projects and business concessions.
2. This Law shall not apply to:
 - a) investments made or to be made under specific legislation, namely in the areas of prospecting and production of petroleum oil, gas and the mineral resources extractive industry;
 - b) public investments financed by funds from the State Budget, as well as investments of an exclusively social or non-profit nature.
3. The provisions of paragraph 2 of this article shall be without prejudice to the application of this Law to such investments in matters not regulated by the respective specific legislation, including the activities of processing, sale and transportation of mining and/or petroleum products, when carried out by entities that are dedicated exclusively to the development of the same.

Article 3 (Definitions)

The definition of the terms used in this Law is set out in the attached Glossary, which is an integral part of it.

CHAPTER II Investment Policy

Article 4 (General principles)

The investment policy enshrined in this Law aligns with the following general principles:

- a) pursuit of national economic policy objectives;

- b) equal treatment and non-discrimination between national and foreign investors and workers in the exercise of their activities;
- c) respect for the right to property and other real property rights, in accordance with the terms of the law;
- d) observance of the rules of competition, ethics and the market economy among economic operators;
- e) respect for the principle of free economic initiative without prejudice to the provisions of article 17 of this Law;
- f) the guarantee of the security and protection of investment;
- g) guarantee of free movement of assets and capital, under the terms and in accordance with the legal limits;
- h) respect for applicable international law.

Article 5

(Investment objectives)

The objectives of investment in the national territory are actions which, individually or cumulatively, aim to:

- a) contribute to the creation or maintenance of a number of jobs in the national territory and the improvement of the professional qualification of workers, as well as the generation of income;
- b) promote adequate economic, environmental, social, territorial and energy sustainability;
- c) allow the installation of a productive base with relevant national incorporation, creating added value and providing services to support productive activity;
- d) produce tradable goods and services;
- e) promote a positive impact on the treasury and on the trade balance, namely in the increase and diversification of exports and the reduction of imports;
- f) contribute to the introduction of innovative technological processes and to the improvement of the productivity and efficiency of Mozambican companies;
- g) contribute to the installation, rehabilitation, expansion or modernization of economic infrastructures destined for the exploitation of productive economic activity or the provision of services indispensable to support the promotion of Mozambique's development;
- h) promote the training, multiplication and development of the Mozambican business community and business partners;
- i) contribute to the improvement of the supply of the internal market and the satisfaction of the population's priority and indispensable needs;
- j) protect and add value to natural resources.

CHAPTER III

Guarantees, Rights and Duties of the Investor

Article 6

(Fair and non-discriminatory treatment)

1. The investor, employer and employee, regardless of nationality, enjoy the same rights and are subject to the same duties and obligations under the law.
2. The State guarantees:
 - a) fair and equitable treatment of investors and investments made in the national territory in accordance with the principles of international law;

- b) conditions necessary for the effective exercise of the right provided for in paragraph 2(a) of this article.
- 3. Paragraphs 1 and 2 of this article shall not apply to the following cases:
 - a) projects or activities carried out by nationals which, because of the nature or size of the respective investments and ventures, may warrant special support and treatment from the State;
 - b) differentiated treatment resulting from specific legislation.

Article 7
(Property rights)

The State recognizes and guarantees property rights, namely:

- a) the legal protection of property rights and other rights of patrimonial content, including intellectual and industrial property rights, against any public or private measures, direct or indirect, which might harm them;
- b) the legal protection of the right to land use and benefit, in accordance with the law.

Article 8
(Protection of property rights)

- 1. The expropriation, nationalisation or requisition of investors' rights or the adoption of any acts having equivalent effect is prohibited, unless such measures:
 - a) are based on the necessity, utility or purposes of relevant public interest;
 - b) are adopted in a non-discriminatory manner;
 - c) give the investor the right to fair compensation;
 - d) respect the applicable legal norms.
- 2. The fair compensation referred to in paragraph 1(c) of this article shall be the actual market value of the proprietary assets concerned, as determined at the time of the declaration of public interest for the measure or at the time when the measure is implemented, whichever is earlier.
- 3. The fair compensation also compensates the investor for any devaluation of the asset that results from the public announcement of the measure at a time prior to its implementation.
- 4. The compensation shall be paid promptly and expeditiously and shall include default interest calculated at a commercially reasonable rate, taking into account unjustified or unreasonable delays in processing the compensation.
- 5. In the case of a venture involving foreign direct investment, the compensation shall be freely transferable abroad and convertible into foreign currency used in the principal international markets, under the terms of article 10 of this Law.
- 6. The investor may use all the means of dispute settlement provided for under Article 26 of this Law to review the validity of the expropriation, nationalisation, requisition measure or to ensure the determination of the amount of the corresponding compensation and/or its recovery.

Article 9
(Prevalence of International Law)

The guarantees and incentives provided for in this Law are without prejudice to the application of more favourable regimes established in international treaties or agreements to which the Republic of Mozambique is a signatory, under the terms of the Constitution and the law.

Article 10
(Transfers of Funds Abroad)

1. In accordance with foreign exchange legislation, the State guarantees the transfer abroad of the following:
 - a) exportable profits resulting from investments and reinvestments eligible for the export of profits, under the terms of the foreign exchange legislation;
 - b) royalties or other income resulting from indirect investments associated with the assignment or transfer of technology;
 - c) depreciation of capital and interest on loans contracted abroad and applied in investment projects carried out in Mozambique;
 - d) the proceeds of compensation received pursuant to the provisions of articles 7 and 8 of this Law and others that may be due;
 - e) foreign capital invested and re-exportable, regardless of whether or not the respective investment project is eligible for the export of profits, in accordance with the terms of foreign exchange legislation.
2. Under the terms of foreign exchange legislation, the Bank of Mozambique may determine the phased scheduling of transfers abroad.

Article 11
(Other guarantees)

The State also guarantees investors:

- a) respect for their industrial and intellectual property rights, in accordance with the terms of the law;
- b) freedom of administration of its companies, with public interference in their management being prohibited, except in cases specifically provided for by law;
- c) the maintenance in force of the licences and authorisations obtained, without prejudice to the possibility of their revocation, cancellation, annulment or declaration of nullity, following administrative or judicial proceedings provided for by law;
- d) the right to import goods from abroad for the execution of their projects and to export goods, whether produced by them or not, without prejudice to the rules for the protection of the internal market, established by law.

Article 12
(Duties of Investors)

1. Investors are generally required to respect and comply with the rules in force in the Republic of Mozambique, namely those arising from the Constitution, this Law and other applicable legislation.
2. The following are specific duties of investors:
 - a) pay the taxes, fees and other contributions due in accordance with the law;
 - b) respect and comply with applicable norms relating to the environment, nature protection and waste management;
 - c) respect and comply with current labour norms;
 - d) respect and comply with the applicable accounting, foreign exchange and registration norms;
 - e) contracting, subscribing and keeping up to date compulsory insurances, under the terms of the law.
3. In the exercise of their activity, depending on the size and characteristics of the project, investors must also contribute to the carrying out of social responsibility policies in the

area where the investment is implemented and respect the local traditions and customs of the region.

Article 13
(Investor social responsibility)

1. In compliance with the provisions of paragraph 3 of article 12 of this Law, investors shall ensure that investment projects contribute to the development of one or more of the following areas:
 - a) the promotion of active policies for the defence and protection of the environment and the promotion of gender equality;
 - b) the promotion of cultural, health and social responsibility programs;
 - c) the establishment of internal policies for the educational and training development of its employees.
2. The inclusion of specific investments in the areas referred to in paragraph 1 of this article shall be a factor in the assessment of investment projects subject to the authorisation procedure, through the following actions:
 - a) development of resettlement programs for the population to be affected by the project;
 - b) creation or development of infrastructures in the areas of education, health, transport and roads, electricity, water and sanitation, preferably in the project's geographical area of intervention;
 - c) collaboration with local educational institutions;
 - d) contracting local labour, goods and services;
 - e) contribution to the business development of small and medium-sized Mozambican enterprises, through business and technological links between the project and these companies.

CHAPTER IV
Investment Operations
Article 14
(Origins and types of investment)

Investments can be:

- a) in terms of origin: national, foreign or mixed;
- b) in terms of type: direct or indirect.

Article 15
(Forms of national direct investment)

National direct investment may, individually or cumulatively, take any of the following forms, provided that it is susceptible to being quantified in monetary terms:

- a) cash, including the investment of own funds, credits and other assets that can be applied as investments;
- b) infrastructure, equipment and related accessories, materials and other goods;
- c) assignment of rights in respect of concessions, licenses and other rights of an economic, commercial or technological nature;
- d) assignment of the right to land use and benefit;
- e) assignment of patented technologies and registered trademarks, the remuneration of which is limited to participation in the distribution of the company's profits which resulted from the activities in which such technologies or trademarks would be or were applied, under the terms determined by the competent authorities;

- f) incorporation of technologies and knowledge susceptible of monetary valuation;
- g) investment of capital in the national territory within the scope of reinvestment.

Article 16

(Forms of foreign direct investment)

Foreign direct investment may, individually or cumulatively, take any of the following forms, provided that they can be quantified in monetary terms:

- a) cash;
- b) imported equipment and accessories, materials and other goods;
- c) assignment of the rights of use of patented technologies and registered trademarks, the remuneration of which is limited to participation in the distribution of the company's profits, resulting from the activities in which such technologies or trademarks have been or were applied, under the terms determined by the competent authorities;
- d) incorporation of technologies and knowledge that can be quantified in monetary terms;
- e) provision of specialized services from outside Mozambique for the benefit of economic projects in Mozambique;
- f) investment of capital in the national territory within the scope of reinvestment;
- g) Conversion of the value of the Mozambican external debt, related to loans and financing registered with the competent authority, under the terms of the applicable legislation.

Article 17

(Forms of indirect investment)

Without prejudice to the provisions of subparagraphs *b)* and *c)*, respectively, of articles 15 and 16 of this Law, indirect investment, whether national or foreign, may take, individually or cumulatively, the forms of loans, shareholder loans, additional capital contributions, patented technology, technical processes, industrial secrets and models, franchises, trademarks, technical assistance and other forms of access to the use or of the transfer of technology and registered trademarks to which access is applicable under regime an exclusivity or licensing restricted by geographical areas or areas of industrial and/or commercial activity.

Article 18

(Freedom to invest)

1. Investors are free to invest in all areas of economic activity, within the limits of the law.
2. Paragraph 1 of this article does not apply to investments in activities reserved to the State's exclusive ownership or operation, as well as investments in sectors or activities restricted by nationality, in accordance with the provisions of specific legislation.

Article 19

(Fiscal incentives)

1. In addition to the guarantees regarding property ownership and transfers of funds abroad enshrined in this Law, the State guarantees the concession of tax and customs incentives defined in the Code of Fiscal Benefits for investments made in accordance with this Law and its regulations, provided that the legal requirements for this purpose are met.

2. The right to enjoy fiscal incentives granted pursuant to paragraph 1 of this article shall be irrevocable for the duration of the respective term, provided that the conditions under which they were granted are not altered.

Article 20
(Development poles)

Industrial parks, special economic zones, industrial free zones and rapid development zones in which special regimes apply, including tax, customs, labour or foreign exchange matters, may be established in the national territory, under the terms to be regulated in a specific diploma approved by the Council of Ministers.

CHAPTER V
Procedures

Article 21
(Administrative principles)

1. The administrative procedures established in this Law shall be governed by the principles of the conduct of the Public Administration, in accordance with the provisions of the law establishing the rules for the protection of the rights and interests of individuals.
2. The State shall promote the optional and progressive adoption of the providing of public services by electronic means, through the practice of certain acts by e-mail or through specific platforms created for this purpose, under terms to be approved by the Council of Ministers.

Article 22
(Investment regimes)

1. In order to benefit from the guarantees and incentives provided for in this Law, investment projects shall be subject to the application of one of the following regimes:
 - a) Mere registration regime, which consists of the simple submission of an investment proposal for the purposes of registration and allocation of the applicable incentives;
 - b) authorisation regime, which shall apply to:
 - i) large-scale investment projects as well as those involving economic activities with foreseeable economic, environmental, safety or public health impacts;
 - ii) public-private partnerships and business concessions;
 - iii) investment projects that require an extension of land with an area equal to or greater than 10 thousand hectares;
 - iv) investment projects that require a forest concession of an area of more than 100 thousand hectares;
 - v) investment projects involving the industrial processing of mining and/or petroleum products.
2. Projects not subject to the authorisation procedure in accordance with paragraph 1 of this article shall be subject to the mere registration regime.
3. Without prejudice to the need for articulation with other competent public entities, the procedures for the application of the regimes provided for in the preceding paragraphs shall be processed by the entity that, under the terms of the law, coordinates the process of authorisation of private investments.
4. The Council of Ministers has the authority to define the levels of competence and the competent entities for decision-making on investment projects.

Article 23

(Duty to substantiate, prior hearing and decision)

1. The express decisions taken by the entities referred to in paragraph 4 of article 22 and the procedures provided for in this Law shall be duly substantiated and shall be notified to the investors so that they may comment on them within a maximum period of 10 working days.
2. After analysing the comments or after the expiry of the period referred to in paragraph 1 of this article, the respective entity referred to in paragraph 4 of article 22 of this Law shall make a final decision on the process and notify the investors within five days.

Article 24

(Assignment of position or investor rights)

1. The investor may assign, in whole or in part, its position or rights in respect of an investment or its participation in the respective capital, by making an express and duly grounded request addressed to the entity referred to in paragraph 3 of article 22 of this Law.
2. The transferor shall, in addition to identifying the transferee, indicate in the application any conditions agreed in connection with the assignment of the position or rights in question.
3. If the transferor of all or part of its position in the investment or share capital is a foreign investor, it may request the transfer abroad of the proceeds of such disposal, provided that any tax obligations levied on capital gains and others derived from the sale are satisfied.
4. The transferee may only enjoy the guarantees and incentives provided for in this Law if the assignment has been authorized, carried out and registered during the term of the authorization of the respective venture.
5. The assignment may be refused only on duly established grounds of economic security and where the transferee does not assume the obligations on terms equivalent to those assumed by the transferor.

CHAPTER VI

Dispute Settlement

Article 25

(Complaint and appeal)

1. The acts of entities with decision-making powers on investment projects are subject to appeal.
2. The acts referred to in paragraph 1 of this article may also be subject to direct or indirect hierarchical appeal or appeal to the supervising entity, as applicable.
3. The administration of the appeal procedures provided for in paragraphs 1 and 2 of this article shall follow the provisions of the law that establishes the rules for the protection of the rights and interests of individuals.

Article 26

(Methods of dispute resolution)

1. The State guarantees all private investors access to national courts for the defence of their legally protected rights and interests.
2. Any disputes relating to the interpretation and application of this Law that affect the rights and guarantees of the investor provided for therein in international investment

treaties or agreements in force shall be notified in writing by the investor to the opposing party.

3. The parties should prioritise the settlement of disputes amicably or by negotiation.
4. If disputes cannot be settled amicably or by negotiation, they may be settled by means of out-of-court dispute resolution at national or international level, such as mediation, conciliation or arbitration, provided that by special law or agreement they are not exclusively subject to the competent national courts, to required arbitration or to another specific means of dispute resolution.

CHAPTER VII

Infractions and Sanctions Regime

Article 27

(Infractions)

The following are infractions for the purposes of this Law:

- a) non-compliance with the terms and conditions defined in the project approval instrument;
- b) the performance of activities other than those foreseen in the subject matter of the project, provided that these have a significant impact on the development of the project and/or imply a change in its nature;
- c) failure to comply with the general and specific duties of investors as defined in article 12 of this Law;
- d) the use of funds and resources from abroad intended for the implementation of the investment for purposes other than those defined in the project approval instrument;
- e) the non-implementation of the project within the period established in the investment approval instrument, except in duly substantiated and proven cases, namely in situations of unforeseeable circumstances or force majeure;
- f) the paralization of the implementation or effective operation of the project without prior communication to the entity referred to in paragraph 3 of article 22 of this Law;
- g) the giving of false statements or refusal to send information requested by the entity referred to in paragraph 3 of article 22 of this Law, in the context of supervision and monitoring of the project.

Article 28

(Sanctions)

1. Without prejudice to other sanctions provided for in specific legislation, the infractions referred to in article 27 of this Law are subject to the following sanctions:
 - a) a written warning against the investor, setting a time limit for remedying the infraction;
 - b) the loss of the right to fiscal incentives and other facilities granted to the project by specific legislation;
 - c) the revocation of the investment authorisation or cancellation of the investment registration.
2. The sanction is determined on the basis of the seriousness of the infraction, the culpability, the economic situation of the investor and the economic benefit derived from the infraction.
3. The application of sanctions provided for in this article shall be preceded by the notification and hearing of the investor or its representative to present its defence.

CHAPTER VIII
Transitory and Final Provisions

Article 29
(Regulations)

1. The Council of Ministers has the competency to approve the general and specific regulations of this Law, within 120 days from its publication.
2. Excluding provisions which are contradicted by this Law, the existing regulations shall remain in force until the date of the entry into force of the new regulations.

Article 30
(Transitional provision)

The provisions of Law No. 3/93 of 24 June and its regulations shall apply to investment projects under consideration on the date of entry into force of this Law.

Article 31
(Repeal)

Law no. 3/93, of 24 June, and other legislation that contravenes this Law is revoked.

Article 32
(Entry into force)

This Law shall enter into force 90 days after its publication.

Approved by the Assembly of the Republic, on May 17, 2023.

The President of the Assembly of the Republic, *Esperança Laurinda Francisco Nhiuane Bias*.

Promulgated on June 5, 2023.

Let it be published.

The President of the Republic, Filipe Jacinto Nyusi.

Annex

Glossary

A

Economic activity – production and sale of goods or the provision of services of any nature, carried out in any sector of the national economy.

C

Foreign capital – contribution from abroad which is susceptible of monetary valuation and is intended for the execution of an investment project in Mozambican territory.

Invested capital – the amount actually paid up and invested in a national or foreign direct investment project, in accordance with articles 15 and 16.

D

Right to land use and benefit– the right that individual or collective persons and local communities acquire over land, with the requirements and limitations provided for in the Land Law and its Regulations.

Venture – activity of an economic nature duly registered or authorized, under the terms of this Law.

Company – entity that carries out an economic activity, in an organized and continuous manner, responsible for the implementation of an investment project and the subsequent exploitation of the activity or activities.

F

Franchising or franchising – a type of commercial contract under the terms of which the holder (licensor or franchisor) of a given knowledge or experience (*know-how*), trademark,

acronym or commercial symbol assigns them, in whole or in part, to another and on an exclusive basis, with or without the guarantee of the respective technical assistance and marketing services, with the licensee (or franchisee) having the obligation to make the necessary investments, to make payment of the periodic remuneration and to accept the licensor's control over its business activity.

I

Foreign investor – a natural or legal person who has brought to Mozambique from abroad, its own equity capital and resources or other capital funds and resources for its account and risk, with a view to making any foreign direct investment, under the terms of foreign direct investment as defined in this glossary, in a project previously registered or authorized under the terms of this Law.

National investor – a natural or legal person who has made available its own equity capital and resources or other capital funds and resources for its account and risk, intended for the realization of any national direct investment, under the terms provided for in the definition of national direct investment in this glossary, in a project previously registered or authorized under the terms of this Law.

Investment – the application of capital in the form of tangible or intangible assets, with a view to creating, modernising or expanding an economic activity.

Foreign direct investment – any form of contribution of foreign capital susceptible of monetary valuation, which constitutes equity capital or resources, or capital or resources for the account and risk of the foreign investor, in foreign currency coming from abroad, and intended for its incorporation into the investment for the realization of an economic activity project, through a company or in the form of representation duly registered in Mozambique with the competent legal entities and operating from the national territory.

National direct investment – any form of national capital contribution subject to monetary valuation, which constitutes equity capital or resources or capital or resources for the account and risk of the national investor, intended for the execution of an authorized investment project, with a view to the exploitation of the respective economic activity through a company registered in Mozambique and operating with its base in Mozambican territory.

Indirect investment – any type of investment whose remuneration and/or reimbursement does not consist exclusively in the direct participation of its contributors in the distribution of the final profits resulting from the exploitation of project activities in which specific forms of investment, as provided for in article 17, have been applied.

Mixed investment – one that integrates both domestic and foreign investment.

L

Exportable profit – the part of the profits or dividends, net of all operating expenses, resulting from a project activity involving foreign direct investment eligible for the export of profits under the terms of the Regulation referred to in article 29, which the investor may freely export abroad subject to compliance with applicable tax and legal obligations.

P

Industrial park – a geographically delimited space with infrastructure in which industrial or business activities are carried out in an integrated or independent manner, and which may include common services, such as the supply of electricity, water, telecommunications, sanitation and wastewater treatment services, security, surveillance or intermodal transport system, among others.

Foreign person – any natural person whose nationality is not Mozambican, or, in the case of a business company, more than 50% (fifty percent) of the share capital is held in by foreign persons.

National person – citizen of Mozambican nationality, or, in the case of a business company, the more than 50% (fifty percent) of the share capital is held by nationals.

Project – a venture involving economic activity that is the subject of investment, under the terms of this Law.

Large-scale project – investment undertaking authorized or contracted by the Government, whose value exceeds, with reference to the date of January 1, 2009, the amount of 12,500,000,000.00 MT (twelve billion five hundred million Meticaís).

R

Reinvestment – investment, in whole or in part, of the profits resulting from the exploitation of the activities of a national or foreign direct investment project, either in the venture that produced them, or in other ventures carried out in Mozambique.

Income – any amounts generated in a given financial year from the activity of an investment project, such as profits, dividends, *royalties*, and other possible forms of remuneration associated with the assignment of rights of access and use of technologies and trademarks, as well as interest and other forms of remuneration for direct and indirect investments based on the operating results of the project.

Social responsibility - a set of actions and initiatives carried out by investors in the creation and development of infrastructures in the areas of education, health, transport and roads, electricity, water and sanitation, population resettlement programmes, environment, business and technological links and other related activities, for the benefit of the local community and the geographical area of intervention of the project, under the terms and conditions previously approved by the Government.

Royalty– remuneration of any kind, paid for the use or concession of use of a copyright over a literary, artistic, scientific work, including films, recordings or discs for radio or television transmission, of a patent, trademark of a design, a computer program, a plan for a formula or a secret process, or for the use or right to use industrial, commercial or scientific equipment or information relating to experience acquired in the industrial, commercial or scientific sector.

Z

Special economic zone – area of general economic activity, geographically delimited and governed by a special customs regime on the basis of which all goods that enter, are found therein, circulate, are industrially transformed or are exported from the national territory are totally exempt from any related customs, tax and parafiscal impositions, enjoying, additionally, a free foreign exchange regime and *off-shore* operations and tax, labour and migration regimes specifically instituted and appropriate for the quick and efficient entry into operation of ventures and investors who intend to operate or are already operating or residing there, particularly in their relationship and fulfilment of their commercial and financial obligations abroad, ensuring, in return, the promotion of regional development and the generation of economic benefits in general and, in particular, to increase the productive, commercial, tax capacity and the generation of jobs and foreign exchange for the Republic of Mozambique.

industrial free zone - means an area or unit or series of units of industrial activity, geographically delimited and regulated by a specific customs procedure on the basis of which goods are found or circulate therein, intended exclusively for the production of

articles for export, as well as the resulting articles for export themselves, are exempt from all customs, fiscal and para-fiscal charges, benefiting, in addition, from foreign exchange, tax and labour regimes specially instituted and appropriate to the nature and efficient functioning of the enterprises that operate there, particularly in their relationship and fulfilment of their commercial and financial obligations abroad, ensuring, in return, the promotion of regional development and the generation of economic benefits in general and, in particular, to increase the productive, commercial, tax capacity and the generation of jobs and foreign currency for Mozambique.

Rapid development area – geographical area of the national territory characterized by great potential in natural resources, but lacking infrastructure and with a low level of economic activity.

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