

TYPOLOGY OF ILLEGAL TAXES IN AGRICULTURAL ECONOMY OF MOZAMBIQUE

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There 3 main types of macro illegal taxes (see points 1 to 3) on goods in the agribusiness sector in Mozambique and 3 types of legal taxes see the points 4 to 6:

The start point of analysis there is a problem of lack of uniformity by the relevant authorities when collecting fees, anarchy, institutional weakness and abuse of power and lack of technical expertise in the relevant law and in some technological and legal specifications of the goods. The duplication and proliferation of checkpoints, procedures and penalties cause products to become more expensive.

It should be noted here the confusion between movement certificate versus movement license. Some legislation uses the word license, such as the Regulation of Animal Health, which requires a **movement license**, whereas some other legislation uses the word **movement certificate** the most important to retain is that refers to the permission to transport a specific goods in the country.

1- ABOLISHED TAXES WHICH CONTINUES TO APPLY BY DEFAULT:

Fees for vegetables and cereals were abolished¹ by Decree 5/2009 which updated the phytosanitary and plant quarantine regulation, yet they continue to be charged in the districts for the trade and movement of agricultural products. The DPA stated that to implement this new directive two circulars were issued in 2009 and sent to District Services for Economic Activities (SDAE) and to exporters.

2- ILLEGAL TAXES RESULTING FROM ABUSE OF POWER AND EXTORTION :

The proliferation of checkpoints hinders trade, makes products more expensive and encourages illicit payments. Economic agents operating in the agriculture sector complain that there are various checkpoints along the roads **which require multiple documents and multiple inspection procedures but which do not have a legal basis and the fines issued are not documented**. For example, the control post, or “border” as users call it, at Nicoadala has the following institutions represented: customs officials to verify compliance with external taxes, Revenue Authority officials verifying compliance with internal taxes, inspectors from the

¹ The lack of knowledge about, and weaknesses in the implementation of the approved legislation enables the charging of illegal fees and which become a source of corruption and extortion. For example, a case of a local administrative authority charging a fee for the resolution of a case of adultery was reported.

Ministry of Agriculture who deal with matters related to plant health, the legality of transported timber and animals and proof of payment of fees for the internal movement of plants and cereals, particularly fee over corn, copra, soybean etc.

3- INFORMAL FEES ARISING OUT OF ORDERS ENACTED BY THE GOVERNMENT WITHOUT CLEAR LEGAL BASIS, METHODS OF LEVY, TAXATION AND RECEIPTS:

Fees for weighing scales are paid to traditional authorities and cover all transacted products, including the agricultural trade fee widely known as the “scale fee” (10.00 MT/day), charged throughout the agricultural trading seasons which last between 4-6 months. This rate was reported to be charged both in Zambezia and Nampula.

4- SOME TAXES IN FORCE WITH LEGAL BASIS ONLY APPLICABLE TO IMPORTS:

Type of Fee	Value of the Fee
Import of Eggs	0,15 Mt/Dozen + 150 Mt for issuance of Import License
Transport of Ration	5 Mt per Bag
Transport of Chicken	0,25 Mt per chicken
Transport of live chicken	0,25 Mt per chicken

Another fee is the road fee applied to trucks (contracted foreign carriers) exporting banana to South Africa. The main problem with this fee is the fact that there are no suitable refrigerated lorries available in the country for transporting this type of product, where the requirement for temperature is around 8 degrees, hence the need to hire South African companies for transportation services.

This fee is about \$100 per truck loaded and it is passed on to domestic producers of bananas, who in turn pass it on to the consumer, reducing the competitiveness of the value chain. When this concern was presented to government for resolution, they approved a 50% reduction in this fee through Decree No. 26 of July 14, 2010. However, what the private sector wanted was not a reduction but an exemption for exporters of fruit (and vegetables).

Another concern of the private and also related to this fee lies in the fact that it is charged in Dollars when most companies make payment in Meticaís. What happens is that the value in the MTs is converted into dollars based on an exchange rate by the officer who receives the payment, and who in turn converts then the received MTs (to Dollars) on the secondary market.

Type of Fee	Value (Mt)	Licenses/Permits (Who Issues, When Needed)	Legislation
Transport of Timber (logs)	-	Movement Certificate (SPFFB)	Decree 12/2002 of June 6
Transport of Processed Timber	-	Movement Certificate (SPFFB)	Decree 12/2002 of June 6
Transport of Coal/Firewood	-	Movement Certificate (SPFFB)	Decree 12/2002 of June 6
Import of Eggs	0,15 per Dozen + 150 for Issuance of Import License	????	????
Transport of Ration	5 per Bag	????	????
Transport of Chicken	0,25 per Chicken	????	????
Transport of Live Chicken	0,25 per Chicken	Movement License (Vet Authority)	Decree 26/2009 of Aug 17
Import of Vegies (Quantity above 50 kg)	150 per License	Health License of Importing (DNSA – Vegetal Health Department)	Decree 5/2009 of Dec 29

5-LEGAL FEES AND LICENSES FOR FOREST PRODUCTS:

Anyone intending to move forest products from one location to another must comply with Decree No. 12 of 6 June 2002 (Regulation of the Forestry and Wildlife Law), particularly Article 10 (Transport of Forest Products) which stipulates that the transportation of forest products by any route requires a movement certificate which is issued by the Provincial Services of Forestry and Wildlife (SPFFB).

This decree does not specify under what conditions the movement certificate is issued, let alone what should be in it, but according to DPA Zambezia, it is assumed that those who require the certificate are:

- 1) Those covered by or requiring a forestry license (payment of fees due)

2) This first requirement being satisfied, the movement certificate is issued by SPFFB at the place of origin of the product, and no fees are charged for its issuance.

3) This certificate should contain the quantities and type of forest product to be transported (list of specifications)

It should be noted here that the transport of some forest species may be exempt from the issuance of a movement certificate, provided that such species are approved by the Governor of the respective province under advice from SPFFB.

Still in regard to the transport of forest products, in the case of processed products (beams, planks), applicants must contact the SPFFB expressing their intent to transport such products to a certain place. In such cases, SPFFB issues an authorization document for the purpose.

The transport of forest products without a movement certificate results in a fine of 20,000 Mt, under Decree No. 76 of December 30, 2011 (which updates the fines in the Forestry Law), and the product remains seized until the presentation of the document.

It should be noted that the movement certificate must correspond to the product being transported. As important as the movement certificate is the list of specifications, which must correspond with the product transported. Transporting forest products without being accompanied by the specification list results in a fine of 20,000 Mt

6-LEGAL FEES AND LICENSES FOR LIVESTOCK PRODUCTS / ANIMALS:

In relation to livestock, Decree No. 26 of August 17, 2009 (Animal Health Regulation), Article 75 (Movement of Meat) requires that meat for consumption cannot move without a Movement License which shall specify the amount to be transported and confirmation of a health inspection. This license is issued by the slaughterhouse inspector. In the case of internal movement of animals and animal products/byproducts, Article 19 of the same decree states that the movement of live animals is not allowed without a movement license issued by the

Veterinary Authority². The application for issuance of this license shall contain the following elements:

- a) Name and address of applicant
- b) Species, age, sex and breed of the animal
- c) Place of origin (Province, District, Town and Kraal Number)
- d) Type of products
- e) Quantity
- f) Transportation to be used
- g) Destination
- h) Identification of the vehicle

Article 10 of the same decree states that fresh meat, with the exception of pork, does not require a movement license for up to a maximum of 15kg per applicant/household. Apart from fresh meat, the carcasses of poultry also do not require a license provided that the carcasses do not exceed 20kg per applicant/household.

The violation of Article 19 presupposes the seizure of the product, which reverts to the state, and also seizure of the vehicle until the payment of a fine is made. Violation of this article imposes a fine of 1,000 Mt per animal, 50 Mt per kilogram and 50 Mt per carcass, while the violation of Article 75 imposes a fine of 60 Mt per kilogram.

² The Veterinary Authority corresponds to the Ministry that oversees the area of agriculture, in this case, MINAG, through the National Directorate of Veterinary Services (DNSV).