



AGT

ADMINISTRAÇÃO
GERAL
TRIBUTÁRIA

TRANSFER PRICING UNIT

Case Study
Sogepower FY 18

Sogepower commerce & Industry, Ltd

Framework:

Creation date: 2007
(established)

Location : Angola

Share Capital: Kz 290 295
70,00

Ownership:

Jihad Al Lakkis - 91,62%
Alexandro Al Lakkis - 4,38%
Jihad AL Lakki - 4%

Social Objective:

Sale of vehicles, parts
Repair and maintenance of
vehicles in Angolan territory.

Main Suppliers:

- Falcom GT
- Zumas International
- JMS Auto Spare Parts
- Facar Shipping

Related companies

- Sogeplast;
- Sogetox;
- Sogepneus;
- Sogelub

Angolan TP Legislation

- a. There are special relations between two entities, when one has the power to exercise directly or indirectly a significant influence on the management decisions of the other, namely in the following situations:
 - a) When the shareholders, directors, managers as well as any other person in a management position on the company, the spouses, their descendants, hold directly or indirectly not less than 10% of the capital or voting rights in the other entity;
- b. When the majority of the board of directors, shareholders, managers or any other person with management position on the company are the same, or even connected with each other by marriage, common law marriage or kinship in straight line;

- c. When they are in a relationship of ownership or reciprocal interests, as well as bound by means of a subordination agreement, joint group, or other equivalent effect, under the terms of the special law.
- d. Where between one and another entity there are business relationships that account for more than 40% of its total volume of operations or when one finances the other in at least 40% of its credit portfolio;
- e. When the sum of transactions carried out with two or more entities that share the same partners, directors, officers, managers or any other management position is equal to or less than 40%;

TaxPayer Transations

During the fiscal year in analysis the taxpayer in study carried out several transactions as we can see below:

Transactions	Ammount (USD)
Aquisition of Vehicles	6 520 037,06
Financial Transaction	16 203 216,06
Total Costs	22 723 253,13

Revenue Authorities before analyzing any process, It is common to perform a risk analysis by a specialized team, therefore, as result of this analysis indicated that a transaction carried out at the margin of PT is the financial transaction.



Financial Transaction Information

TaxPayer (Lender)	Ammount (USD)	Interest Rate	Time	Related Party (Borrower)
Sogepower	16 203 216,06	-	5 Years	Sogeplast

As a result of the above information, it's possible to see that the taxpayer lend Money to a related company with no interest.



Angolan Revenue Authority Approach

We used the domestic base rate (central bank base lending rate) as the minimum interest reference rate the lender should earn on the transaction to be consistent with arm's length principle. On top of that we added a spread on the base reference rate obtained by the benchmarks for such a premium, by using TP Catalyst.

Related Party (Borrower)	Amount (USD) (a)	Time (b)	Adjusted Interest Rate (C)	Interest Income (a*c/b)
Sogeplast	16 203 216,06	5 anos (1)	20,00%	648 128,64
TOTAL				648 128,64



**Thank you
Very much**