



## DID YOU KNOW THAT HAVING A FULLY LEGALISED COMPANY CAN CONTRIBUTE TO GREATER PRODUCTIVITY?

A Business Company, according to Article 66 of Law no. 1/2022, of 25 May, "Mozambican Commercial Code", recently approved, is that which undertakes to contribute with money, goods or services, for the exercise of the business activity and the sharing, amongst themselves, of the results, and, for such, shall be constituted as such and adopt one of the types of company provided for in Article 67 of the said code, on the other hand, consists of the commitment of partners who aim to apply their resources with the purpose of carrying out a certain economic activity, with the objective of dividing the fruits and profits generated by it.

Therefore, considering that the object of a company is the performance of commercial acts, it needs, however, to be legalised so that it does not have some limitations in the scope of the exercise of its commercial activity, such as, for instance, the lack of relevant documentation to participate in public tenders, among others.

The question that arises is how to have a fully legalised company. In an attempt to answer this query, one must rely on the collaboration of professionals specialised in the matter and who are excellent at saving time and money, who know all the stages and fees to be paid in the legalisation of the company. Therefore, it is imperative to hire an accountant, as all companies need an accounting service, so your company will receive reliable advice, as well as be able to comply with the existing regulations and legislation.

Next, a memorandum of association must be drawn up, including the identification of the partners and those acting on their behalf, the type of company, the company's name, the company's object, the registered office, the duration, the company's capital, with an indication of the manner and term of its realisation, among other elements described in the Commercial Code. Although some companies, specifically sole proprietorships, are exempt from having to sign a memorandum of association, article 57 of the Commercial Code recently approved by Law 1/2022 of 25th May, states that for the purposes of registration, the sole proprietor must write a request containing the name and nationality, professional domicile, marital status, business name and the amount to which he limits his liability, if any, which demonstrates a great advance in terms of regulation of the matter relating to the requirements of the sole proprietor, to the detriment of the commercial code approved by Law 2/2005 amended by Decree-Law 1/2018. Once the registration of the company is obtained, with the specific NUIT of the company, the next step is the permit or licenses for the purposes of commencement of activities, but before the commencement of activities, the company must be registered with the INSS, and have the commencement of activities at the Directorate of the Competent Tax Area, as well as request, from the latter entity, that the company may issue invoices and authenticate tax books or simply, the use of commercial records.

## The benefits of having a fully legalised company:

Once the legalization of the company is done, through the process described above, it is important to know the benefits of this legalization process, however, we can have as advantages of having a fully legalized company the following:

- a) **Right to Benefit from Social Security** - is understood in the sense that, once, the company is registered with the INSS and made the due payments resulting from legal deductions of contribution, this institution will allow its workers, as well as its partners, later on, to benefit from the right to social security, thus avoiding the filing of lawsuits filed by workers and consequent payment of unnecessary fines;
- b) **The NUEL and NUIT**, with these two data, are considered specific and exclusive data, belonging only to one and only one determined company, either individual or collective;
- c) **Possibility of Fast Development in the Market**, the legalization of the company annoys the obtaining of resources with monetary institutions. Thus, the company will have more opportunities to get loans and financing. Several credit institutions grant special lines of credit for medium-sized small businesses that are licensed, applying rates accompanied by interest that varies according to the period of amortization, thus becoming important so that entrepreneurs can increase their working capital, reinvest in the activity, upgrade equipment, among other forms of application, contributing to the growth of the business grow;
- d) **Asset Shielding** - occurs when, the assets of a certain company and its partners become vulnerable, hence the need for the company to be duly legalized;
- e) **Possibility of Participating in Public Tenders** - for the purposes of participating in public tenders, it is essential that the company is legalised, i.e. licensed for this purpose;
- f) **Greater notoriety in the business world** - the business world, as well as consumers are increasingly more aware of the legislative requirements, so the company that proves to be acting illegally loses space to other competitors, which may contribute to not closing successful deals.
- g) **Foreign Trade or Service Provision** - one of the most important requirements for obtaining the foreign trade card in the BAU, by entrepreneurs is the legal factor of the company, since companies are only hired if the business is complying with the national and international legal requirements inherent to its activity;
- h) **Efficiency in the relationship with clients** - the factor of the company being duly legalized is a primordial condition, since it transmits certainty and trust in the relationship with service providers, suppliers or clients, which makes it more open to carry out negotiations and to request installments, thus contributing to greater possibilities of choosing the most favorable perceptions and prices for the business subjects;
- i) Besides these advantages, more advantages of gender may be revealed, hence the need to carry out the legalisation of the company.

Once the advantages of having a legalised company are explained, the company will have to rely on qualified professionals, plan strategically, register the business or simply hire a consultancy company to assist in these activities.

If you have questions or concerns, please do not hesitate to contact HLB Mozambique, a company specialized in consulting services and legalization of companies, existing in over 100 countries, to better serve clients, with the best staff and specialists in auditing and tax consulting, with international recognition.

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## RECENTLY APPROVED LEGISLATION?

- Ministerial Diploma nº 93/2022, of 23 August, Approves the Internal Regulation of the Instituto Nacional de Inspeção do Pescado, IP;
- Ministerial Diploma no. 92/2022, of 22 August, Approves the Internal Regulation of the Energy Fund, abbreviated as FUNAE, FP;
- Resolution No. 38/2022, of 19 August, Ratifies the Amendment to the Convention on the Physical Protection of Nuclear Materials;
- Decree No. 43/2022, 19 August, Amends Articles 5, 10 and 18 of the Regulation on the Mechanisms and Procedures for Contracting Citizens of Foreign Nationality, approved by Decree No. 37/2016, 31 August;
- Presidential Decree No. 16/2022, of 18 August, Approves the Organic Statute of the Presidency of the Republic and revokes Presidential Decree No. 4/2015, of 20 February;
- Decree No. 42/2022, of 17 August, Concerning the concession of the pardon of fines and reduction of interest on arrears of the debit taxpayers of the Obligatory Social Security System in the framework of the mitigation of the effects of terrorism in Cabo Delgado Province;
- Ministerial Diploma nº 91/2022, of 16th August, Approves the Staff Schedule of the Labour Mediation and Arbitration Centre - Zambézia;
- Ministerial Diploma nº 91/2022, June 22nd 2022, Creating the Youth Resource Centre of Maputo City called Mozarte;
- Ministerial Diploma nº 90/2022 of 15 August which creates the National Environment Policy Revision Commission and the respective Framework Law designated as CRPLA and approves the respective Internal Regulation;
- Ministerial Diploma no. 89/2022, 15 August, which approves the Staff Schedule of the Inspectorate General of the Public Administration;
- Ministerial Diploma no. 88/2022, of 12 August, Approves the Staff Chart of the National Institute for the Development and Management of Fishing Infrastructures, IP, abbreviated as INFRAPESCA, IP;
- Resolution nº 35/2022, of 11 August, Approves the Financial Protection Plan against Disasters 2022-2027;
- Deliberation nº 14/CNE/2022, of 10 August, concerning the opening of a vacancy resulting from the resignation of a member of the Provincial Electoral Commission of Manica;
- Decree no. 41/2022, of 09 August, Establishing the rules for the competition, appointment and competencies of the Permanent Secretary at central level and revoking Decree no. 54/2008, of 20 December.



Network of the Year



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