

10. Penalties

Late submission of returns and non-payment of tax will attract interest at the prevailing Bank of Zambia rate plus (2%) per centum and penalties of 1000 penalty units and an additional 100 penalty units for each day the return is late.

EXCISE

(A Brief Guide)



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Introduction

The aim of this leaflet is to explain what Excise duty is, registration and licensing procedures and the obligations of manufacturers of excisable goods.

1. What is Excise Duty?

Excise Duty is a tax on particular goods or products whether imported or produced domestically, imposed at any stage of production or distribution, by reference to weight, strength or quantity of the goods or products, or by reference to their value.

2. On what goods is Excise Duty levied?

- Cigarettes
- Pipe tobacco
- Clear Beer
- Opaque Beer
- Carbonated soft drinks
- Hydrocarbon oils such petrol, diesel
- Fuel oils and gases
- Ethyl alcohol and spirits
- Wines
- Electrical energy
- Aerated waters
- Talk time
- Beauty make-up kits, body and hair creams and perfumes



3. Excise Duty Rates

The following duty rates apply to the under listed items;

a	Aerated waters including natural or artificial not containing added sugar nor sweetening matter.	10%
b	Aerated waters including mineral waters containing added sugar or other sweetening matter or flavored and other aerated non alcoholic beverages.	10%
c	Clear beer	75%
d	Opaque beer	K145/lt
e	All type of wines	125%
f	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80%, spirits, liqueurs and other spirituous beverage	125%
g	Cigars, cheroots, cigarillos and cigarettes of tobacco substitutes	145% or K90,000/mille
h	Other manufactured tobacco substitutes "homogenized" or reconstituted tobacco extracts and essences.	145% or K90,000/mille
i	Hydrocarbon Oils:	
	• Petroleum spirit (petrol)	60%
	• White spirit	15%
	• Other light oils	15%
	• Kerosene (Domestic)	15%
	• Kerosene (Industrial)	15%
	• Low sulphur gas oil (H.F.O)	45%
	• Automotive gas-oils (diesel)	30%
	• Other fuel oils	30%
	• Petroleum gases and other gaseous hydro-carbons	30%
j	Electrical energy	3%
k.	Talk time	10%
l	Beauty make-up kits, body and hair creams and perfumes	20%

Some selected motor vehicles attract excise duty at various rates depending on the size. For details refer to the leaflet on motor vehicle clearance.

1. Licensing

In order for any person to manufacture any of the goods set out in the Excise Tariff in quantities above the minimum quantities specified in the Customs and Excise Act, one must apply to the Commissioner General for a license. However, any person may produce without a license for domestic use but not for sale or dispose for profit to any other person, the following goods:

- Fermented liquor, other than opaque beer, containing not more than 2% of alcohol by volume.
- Tobacco in form of cigars, cigarettes, pipe tobacco or snuff when made from manufactured tobacco on which duty has been paid or from raw tobacco.
- Opaque beer being not more than twenty-three decalitres in volume in any period of four consecutive days.

2. Who applies for license?

Any person manufacturing, distilling, mixing or brewing the following:

- a. Any portable liquid containing more than two per centum of alcohol by volume
- b. All type of spirits and wines
- c. Opaque beer in containers exceeding twenty-three dekalitres
- d. Cigarettes, cigarette tobacco, pipe tobacco, cigar and snuff
- e. Hydrocarbon oils and their by products
- f. Carbonated soft drinks
- g. Mineral water
- h. Electrical energy

3. How to apply

Application forms (CE 28) can be

obtained from Customs Excise Division at ZA- Head quarters- Lusaka, Ndola and Kitwe. The following guide applies:

- A. An applicant for a license should state-
 - the nature of goods to be manufactured;
 - the process of manufacture; and
 - the premises and equipment to be used in manufacturing of excisable goods.
- B. Approval of application for license is at the discretion of the Commissioner General who may refuse or grant License if manufacturer's premises are sixty kilometers from Customs House or premises are located in an area which might endanger the collection of revenue.

4. Right to appeal

Any person whose application has been rejected or whose license has been revoked has the right to appeal to the Revenue Appeals Tribunal.

8. Obligation of licensee

- Once licensed as a manufacturer of goods liable to excise duty, you will be required to maintain the bond or bank guarantee. This is a form of security to safeguard the revenues at stake. The conditions of the security are that the manufacturer will honor all monetary obligations with the government and that the manufacturer will operate within the framework of the Customs Control of Excisable goods.
- Submit returns on or before the 20th day of the month following that month to which the return relates, and the return must be accompanied by a Bank Certified cheque for the amount payable.
- Keep books of Accounts recorded in English language
- Display the license at the manufacturing premises
- Renew the license every 31st December each year.

9. Suspension/Cancellation of License

If a licensee fails to comply with the requirements of the law, the license may be suspended or cancelled.