

Completing Your VAT Return

Leaflet No. 7

1. General

Please make sure you put your VAT Registration number, the tax period (full dates: e.g. 01/07/2001 – 31/07/2001) to which the Return relates and your full business name and address on the Return form.

Make sure you fill in all the boxes on the Return form. Write one amount in each box or put "none".

Please do not write in any boxes marked for official use or send in cash or postal orders with your return. Payment is to be made by cheque. Once your company cheque is dishonored, you will be required to pay using a bank certified cheque on all your subsequent VAT payments.

Nil Return

If you have not traded in the period and have no VAT on purchases (inputs) to recover or VAT on sales (outputs) to declare, you must complete all the boxes on the Return as "none". You should send it or take it to the VAT Supplier Management and Monitoring Unit or your nearest Zambia Revenue Authority office to arrive by the due date in the normal way. The due date is the 21st of the month following the last day of your tax period to which the Return relates.

Final Return (VAT 99)

If this is your final Return you must account for VAT on stocks and assets on hand at the close of business on the date your registration is cancelled.

Repayment Return

Even though repayments will generally be made to you when your input tax exceeds the output tax in any given tax period (*see the VAT Guide - paragraph 12.4*) returns are to be lodged within 21 days after the end of your tax period with the VAT Supplier Management and Monitoring Unit or your nearest Zambia Revenue Authority Office by the due date in the normal way. Failure to lodge returns on time, whether, Payment, Nil or Repayment may result in penalties.

2. Form VAT 100

A) VAT Account Boxes

Box 1

Put in Box 1 the VAT due on sales and other outputs.

Please do not forget to include Output Tax due on the following: -

- the sale of new or second-hand goods (including salaula);
- business samples or business gifts for promotional or publicity purposes (of a value above K25, 000);
- the transfer of ownership or possession of goods or the provision of services to persons involved with the business (employees, directors, partners etc);
- the sale of a business or of business assets, other than the sale of a business as a going concern.
- the hiring, leasing or loan of goods;
- delivery, packing and postage charges;
- treatments applied to goods;
- the rendering of services (including building services; professional services; management charges; club membership fee subscriptions);
- receipt of services from a foreign supplier where a tax agent is not appointed; and
- the granting of a right

Remember

To deduct any VAT on credit notes issued by you to your customers. If you are authorized to use payments (or "cash") basis (for all or part of your business) you must use the VAT charged on the sales made for which payment has been received, not the VAT charged on those invoices issued (the VAT Guide paragraph 9.3)

You cannot Zero-Rate exports unless you hold the required proof of exportation (see The VAT Guide paragraph 5.6)

Include output tax on taxable Sales from all branches or business locations away from your Head Office (if it is group registration)

Box 2

Put in Box 2 the total of the input tax you are entitled to reclaim for the period. You cannot reclaim VAT paid on items such as:

- * Telephone services
- * Cars (saloon cars, twin cabs, and station wagons)
- * 80% on purchases of petrol for business use

* Business entertainment

* Purchases not for business, e.g. purely for private or personal use. [Refer to Paragraph 7.1.1 of the VAT Guide]

Remember.

- You cannot claim input tax unless you hold a valid VAT tax invoice (the VAT Guide paragraph 7.1.3)
- If you are partly exempt your recovery of input tax is subject to the partial exemption rules (The VAT Guide paragraph 7.1.5)
- Deduct any VAT on credit notes issued to you by your suppliers
- You cannot claim back input VAT on invoices dated later than one year of your VAT return.
- If you use payments (cash) basis you must base your input tax claim on payments made, not invoices received.

Box 3

Put in Box 3 the tax you have paid at importation. The proof required for entitlement to import tax deduction includes a certified copy of Form CE 20, receipt or release order (The VAT Guide paragraph 7.1.3): you should not include amounts in this box unless you hold the required proof.

Box 4

The total VAT reclaimed is the sum of boxes 2 and 3.

Box 5

This is the net amount being paid, or repaid. It is box 1 minus Box 4. It represents the Liability of tax due to ZRA or due to your business if the input tax exceeds the output tax. If this is a refund due to you show the figure as a negative amount, e.g. (K100.000).

B) Information value boxes

Sales (Output)

Box 6

Put in box 6 the total value of outputs (i.e. sales) on which VAT is charged that have been made by your business during the tax period to which the VAT return relates. You should also include other outputs (using open market values) for any taxable goods and services, which you supplied without consideration and supplies made for a consideration other than money (values should exclude VAT).

Box 7

Put in box 7 the total of your all exports made by your business

Box 8

Put in Box 8 the total value of your Zero-Rated sales and other outputs made by your business during the tax period to which the VAT Return relates. You should include all your domestic supplies of Zero-Rated goods and services. (Details of Zero-Rated goods and services are in Part 2 of the VAT Liability Guide.)

Box 9

Put in Box 9 the total value of taxable supplies, which should include the sum of Box 6, Box 7 and Box 8.

Box 10

Put in Box 10 the total value of Exempt Sales and other exempt outputs made by your business during the tax period to which the VAT Return relates.

Box 11

Put in Box 11 the total value of all supplies made by your business during the tax period to which the VAT Return relates, which is the sum of taxable (Box 9) and exempt supplies (Box 10).

PURCHASES (INPUTS)**Box 12**

Put in Box 12 the values of all domestic taxable purchases made by your business during the tax period to which the VAT Return relates. The values to be entered should exclude VAT.

Box 13

Put in Box 13 the value of goods and services imported by your business during the tax period to which the VAT Return relates. The values to be entered should exclude VAT.

Box 14

Put in Box 14 the value of goods and services purchased from non-VAT registered suppliers if they are taxable (either Standard Rated or Zero-Rated).

Box 15

Put in Box 15 the value of all taxable purchases made by your business during the tax period to which the VAT Return relates, and it is the sum of Box 12, Box 13 and Box 14.

Box 16

Put in Box 16 the value of exempt purchases made by your business during the period to which the return relates, and exempt supplies purchased from non-registered suppliers.

Box 17

Put in Box 17 the total value of all purchases made by your business during the tax period to which the VAT Return relates, and it is the sum of Box 15 and Box 16.

3. What if ?

I've lost my VAT Return?

Ask your local VAT office or the VAT Advice Centers, Lusaka or Kitwe, for a new one immediately to avoid possible penalties or interest charges.

I don't get my return in on time?

If your return is late, or you fail to pay all the VAT due, you will be in default, and penalties and interest will be incurred. So please remember to send, or hand in, your return and payments due in good time. The date of posting is immaterial – it is the actual date of receipt by the Zambia Revenue Authority (ZRA), which will be considered in determining whether the return is late, or not. (The actual date of receipt will be stamped on every return and envelope by ZRA).

All returns should be lodged and payments made by hand, bank transfers, e-mail or post to any of the following addresses:

Supplier Management and Monitoring Unit
Zambia Revenue Authority
Revenue House
P.O Box 35710
LUSAKA

Supplier Management and Monitoring Unit
Zambia Revenue Authority
Nchanga House
P.O. Box 20454
KITWE

Local VAT Office
Zambia Revenue Authority
Development House
P.O. Box 70872
NDOLA

or at the nearest Customs House or Direct Taxes Offices, on or before the 21s of a month after the end of the tax period to which the return relates.

I have to be away from my business for a time

You must arrange for someone else to complete your VAT returns and make payments for you.

I can't pay all the VAT

You must still lodge your VAT return by the due date. Please don't send post-dated cheques. Write separately explaining why you can't pay.

My return is sent back because I made a mistake

We will have sent you a letter with the return. It will tell you where it appears you went wrong and how to put it right.

I have received an assessment for failing to send in return

The assessment should be paid immediately, and the return submitted without further delay.

But if you have already sent in your return and payment for that period and the bank has not debited your account ask the VAT Supplier Management and Monitoring Unit to check if it has been received.

I've received a "Notice of Assessment" to correct a mistake found by a visiting officer or a notice to advise me of interest and/or penalty charges

You should not include any of the assessment figures on your next VAT Return. Where you owe ZRA, send or bring your payment and remittance slip to VAT Supplier Management and Monitoring Unit, Lusaka and Kitwe, or the nearest Zambia Revenue Authority Office.

My business circumstances change

If your business circumstances change you must write to the VAT Registration Section, VAT Supplier Management & Monitoring Unit, immediately giving full details.

4. Check List

- * Have you completed every box, writing "none" if not applicable?
- * Is the box 5 total correct? Is it the difference between boxes 1 and 4?
- * Have you signed and dated the return?
- * If you are paying by cheque, check the details especially; date, signature, amounts and that words and figures agree. It should be made out to The Assistant Commissioner VAT.
- * Have you put your VAT registration number on the back of the cheque?

Details of Exempt goods and services are found in Part 1 of the VAT Liability Guide.