

VAT Refund Scheme For Goods Purchased By Foreign Tourists

VAT Leaflet No. 5

VAT REFUND SCHEME FOR TOURISTS

1. Coverage of the scheme

The scheme is intended to permit tourists visiting Zambia to get a refund of VAT paid on goods, purchased from retailers approved to operate this scheme that, are exported from Zambia.

2. Who is eligible to get VAT refunds?

The scheme applies only to foreign tourists; that is a person who:

- is not a resident of Zambia (i.e. has not been in Zambia for more than 12 months out of the previous 24); or
- does not hold a Zambian passport.

The definition of a tourist also includes a visitor to Zambia on business who fulfils the above conditions.

3. How does the scheme work?

(1) A VAT registered supplier who wishes to engage in the VAT Tourist Refund Scheme must apply to ZRA. Once the applicant satisfies the requirements, the application is approved and then ZRA will issue the supplier with the following;

- (a) A book of VAT Export Tax Invoices (Forms VAT 263)
- (b) Shop stickers with inscriptions “ Participant VAT Foreign Tourist Sales”. These stickers must be displayed at the trader’s premises.

(2) A tourist will make a purchase from a participating retailer and pay VAT in the usual way. The retailer will issue an export tax invoice (form VAT 263) to the tourist . When leaving Zambia, tourists are advised to present the export tax

invoice and the goods on which VAT was paid to Customs Officers at designated exit points for verification of exportation.

There are four exit points approved for the purpose of this scheme and these include:

- Lusaka International Airport;
- Ndola International Airport; and
- Victoria Falls Border Post
- Livingstone Airport

After certification by Customs the export tax invoice will then be deposited in a box provided. A refund will be sent to the tourist at his destination address, this will be after verification and usually within 8 weeks.

The final payment of the refund is administered by a tax Agent/Consultant appointed by the Zambia Revenue Authority.

They will levy a commission for the refund service to the tourist. A leaflet describing the scheme will be distributed to tourists at entry points, in hotels etc.

4. Approval of retailers

All businesses wishing to participate must apply to the ZRA for approval. Applications should be made on Form VAT 262, available from the VAT Advice Center. Approval will be conditional upon:

- a satisfactory standard of tax compliance; i.e. returns and tax due paid on time; and
- the business being regular sales to tourists.

5. Once approved, the Zambia Revenue Authority will issue a book of VAT Export Tax Invoices (Forms VAT 263) to the business and shop stickers ('Participant - VAT Foreign Tourist Sales').

6. Procedure to be followed when goods are sold

To be eligible for this refund, the following requirements apply:

- (a) Goods must have been purchased only from shops that participate in the tourist scheme.
- (b) VAT paid on the export Tax Invoice must be equal to or exceed a minimum value of U\$100.
- (c). This special invoice has to be completed by the participating retailer showing
 - the actual price of the goods purchased (net of VAT)
 - the amount of VAT that the tourist has paid on the purchase.
 - A full description of the goods sold must be given.
 - The customer's passport etc. will need to be examined to ensure that the purchaser is a genuine tourist.
 - The tourist should be told to present the export tax invoice and the goods to Customs at the point of exit.

7. Businesses should note that if export tax invoices are issued to unentitled persons and this results in a tax loss, that tax may be recovered from the business. Businesses should take particular care in issuing these invoices; it is in their interest to safeguard the books of invoices from misuse, theft etc.

8. VAT 263 - Export tax invoices

The VAT Export Tax Invoice books are a pre-printed 4 part set. The top copy and one copy will be given to the customer; the top copy is to be presented to Customs at export and deposited there for collection by the Refund Administrator. The second copy must be sent by the supplier to The VAT Foreign Tourist Sales Section, VAT Central Unit, Zambia Revenue Authority, Private Bag W136 Lusaka, Zambia. Tel 223275, Fax 221375 when the invoice book is exhausted, with a reconciliation sheet. The fourth copy will be retained by the supplier. Further books of export tax invoices to replace books used may be obtained from the ZRA at the same address.

9. These export tax invoices are to be completed fully with unused value boxes being crossed through. If a form is cancelled and replaced the ZRA is to be informed by fax or letter on the address in 8 above. Claims made by tourists in respect of defaced, photocopied, incomplete, altered or otherwise incorrectly completed forms will be rejected and not paid.

10. Invoice books are only to be used by the retailer to whom they were issued. They are not transferable and remain the property of the ZRA at all times.

11. Procedure at export

The tourist should present the goods, the top copy of the export tax invoice, their passport and airline ticket to Customs at the

VAT Refund Desk by the Airport Check In Counters at either of the approved Airports (refer to {par. 3} above).

For departures via the Victoria Falls Border Post the claimant should present the invoice, passport and goods to Customs at the Customs Counter.

12. The export tax invoice will be certified and stamped by Customs to confirm that the goods are in accordance with the description on the export tax invoice and are being exported. The certified forms will be left with Customs by the tourist for collection under arrangements made by the Tax agent/Consultant.

13. Once payment of the claim is approved by ZRA the refund will be sent by Treasury to the approved Tax Agent/Consultant for final dispatch or payment to the tourist at his designated address abroad at a commission.

15. Re-importation of goods

If goods, exported under this scheme, are subsequently re-imported into Zambia, they will be liable to the payment of import VAT.

16. Commencement date

The scheme commenced for sales made (by approved retailers) on 1 April, 1996.