

PROPERTY TRANSFER TAX

Introduction

This leaflet briefly gives details of the tax that is to be remitted when transferring property as per the Property Transfer Tax Act Cap 340 of the Laws of Zambia.

1) What is Property Transfer Tax (PTT)?

This is a tax charged upon the Realisable Value (i.e. open market value or contract price, whichever is greater) of the property sold and is collected from the person selling property.

2) What is property?

The term “property” means:

- Any land in Zambia (including any building, structure or improvements thereon)
- Any share issued by a company incorporated in the Republic of Zambia

3) What is the realisable value?

This is the price at which property could at the time of transfer be sold on the open market.

4) What is the rate of tax applicable?

The PTT rate is 3%

5) When is PTT due?

PTT is to be paid within 14 days from the date of assessment.

6) Which return is applicable?

Property Transfer Tax Act 1984 Provision Return

7) Who completes the returns?

The seller/ the person transferring property

8) What documents should accompany the returns?

- Contract of sale
- State consent to assign
- NRCs for the seller and buyer
- Certificate of incorporation (for companies)
- Order of appointment of administrator (deceased)

9) Are there any exemptions?

Under the PTT Act section 6, the following shall be exempt:

- a) the government;
- b) any foreign government;
- c) any international organization, foundation or agency as the Minister of Finance may approve for the purpose;
- d) any charitable organization or trust registered as such under the Income Tax Act;
- e) any co-operative society registered under the Co-operative Societies Act;
- f) a local authority;
- g) registered trade unions
- h) any club, society or association registered under section 41 of the Income Tax Act;
- i) any approved pension fund and medical aid society;

- j) employees' savings scheme or fund;
- k) any political party registered as a statutory society under the societies act;
- l) sale or disposal of any stock or shares listed on the Lusaka Stock Exchange
- m) any transfer of property by a shareholder of a company incorporated under the Companies Act, if such transfer is his contribution towards the equity of that company;

10) Who pays PTT, is it the buyer or the seller?

The seller

11) Can one apply for a refund of PTT long after payment of tax and issuance of tax clearance certificate, if the transaction is aborted?

Yes, and the following documents will be required:

- Original tax receipt
- Original tax clearance certificate
- Original PTT return
- Any proof that the transaction failed to take place, (e.g. confirmation from registrar Ministry of Lands or Local Authority)
- A formal letter of sale

12) What if the PTT tax clearance certificate expires, can one apply for renewal of the same?

Yes. The reasons for delay will have to be established. However, for certificates that expire due to unreasonable delay, the return will be subjected to a reassessment of the realizable value.

a. What documents are required when applying for a renewal of a PTT tax clearance certificate?

- Copies of NRCs for both the seller and buyer (in the case of individuals), a certificate of incorporation (for limited companies) or a certificate of registration (for a Partnership)
- State / local authority consent
- Contract of sale / deed of gift or transfer
- Lawyer's stamp where a lawyer is representing both the seller and buyer
- Order of appointment of administrator / court order (for all deceased cases)
- Valuation report for all transactions above K500 million

For transfer of share:

- Share transfer form 27
- Latest financial statement of the company in which the shares are held
- Shareholders' resolution

b. Is there any PTT to be paid if property is transferred to a member of the family as a gift?

Where property is transferred to a member of the “immediate family”, the realized value will be the actual price, if any, received by the transferor. If there is no realized value passing, no PTT will be paid. The term “**immediate family**” under the PTT Act Cap 340 means:
A spouse, child, duly adopted child or step-child