

ZAMBIA REVENUE AUTHORITY

TAX CLEARANCE CERTIFICATE

1. INTRODUCTION

The Minister of Finance in his budget speech of 2005 re-introduced the tax clearance certificate by the Income Tax Amendment Act # 1 of 2005.

The Amendment of Section 81 B of the Income Tax Act re-introduced the requirement for all businesses to obtain a tax clearance certificate before they can be registered as suppliers for goods and services.

2. WHAT IS A TAX CLEARANCE CERTIFICATE?

Section 81 B defines a tax clearance certificate as a certificate issued by the Commissioner General, valid for such period as may be specified, in it stating that the person or partnership to whom or to which it is issued should have fulfilled all obligations imposed upon him or it, by the Income Tax Act and by any other act for which the Commissioner General is responsible or has made arrangements satisfactory to the Commissioner General for doing so.

Who should apply for a tax clearance certificate?

Any person or partnership trading as a supplier of goods or services is required to apply for a tax clearance certificate.

How does one apply for a tax clearance certificate?

The taxpayer shall complete an application form obtained from the nearest Domestic Taxes Office or Customer Services Center in Lusaka or Kitwe. This may also be obtained from the Zambia Revenue Authority website. Upon completion the applicant must submit the form to the nearest Domestic Taxes Office or Customer Services Center.

However, if the applicant has no TPIN and an Income Tax Account number, the taxpayer shall be requested to register for TPIN, Income Tax Account number and/ PAYE account number (where applicable), thereafter, the liaison officer shall issue the Tax Clearance Certificate.

3. COMPLIANCE

Where any person, institution or Authority is empowered

- a) by any written law or otherwise to register the transfer of any property, that person, institution or authority shall not register the transfer unless the person or partnership transferring the property produces a valid tax clearance certificate,
- b) To issue a trading license under the Trades License Act or any other written law shall not issue the trading license to any applicant unless the applicant produces a valid tax clearance certificate.

- c) To issue a permit or mining license under the Mines and Mineral Act shall not issue the permit or license to any applicant unless the applicant produces a valid tax clearance certificate.

A person, partnership, institution, organization or association shall not transact with a supplier of goods or services unless the supplier produces a valid tax clearance certificate.

4. What is the validity period of a Tax Clearance Certificate?

- a) The validity period for a tax clearance certificate should not go beyond the charge year in question.
- b) The Commissioner General may by notice in writing cancel a tax clearance certificate, and the cancellation shall have effect from the date of service of the notice on the holder of the tax clearance certificate.
- c) The holder of the tax clearance certificate shall, within thirty (30) days after the date of service and of the notice of cancellation of the certificate, return the certificate to the Commissioner General.

For the purposes of section 81 B

- “**mining license**” means a gemstone, small scale or large scale mining license; and
- “**permit**” means a prospecting license;
- “**property**” means
 - a) any land in the republic
 - b) any share issued by a company incorporated in the Republic

5. Are there any exemptions from the requirement of a Tax Clearance Certificate?

Yes.

- a) Where goods or services of a value not exceeding K200, 000 per transaction are supplied by a person or partnership, no tax clearance certificate shall be required.
- b) Where agricultural products of a value not exceeding K10, 000, 000 per transaction are supplied by a person or partnership, no tax clearance certificate shall be required. (Agricultural products include cereal, livestock, fruits, vegetables, fish, etc.)