

PROCEDURES FOR MAKING ELECTRONIC PAYMENTS OF TAX:

- i. A Tax Payer with no automated interface with the relevant commercial bank will fill a prescribed ZRA Funds Transfer Instruction form (Form EFT 1) and submit the same to the commercial bank.

Tax Payers with automated interfaces with their banks will issue the Funds Transfer Instructions to their banks electronically.

A separate Funds Transfer form should be completed for each tax type being paid.

- ii. The customer will detail on this form their Name, Tax Payers Identification Number (TPIN), Tax Type (e.g. Customs Duty, VAT, ASYCUDA, etc), Tax period, Tax District/Port, Tax Payers ZRA account number, ZRA account number at Bank of Zambia, amount and contact details. (FORM EFT 1)
- iii. The commercial bank will then initiate payment in the ZIPSS/RTGS to the appropriate ZRA account at the Bank of Zambia.
- iv. If the instruction is for payment on a later date, it will be diarised in the ZIPSS/RTGS and payment will be made on the due date.
- v. Each Commercial Bank will send a fax or electronic copy to ZRA summarising tax payer's details and tax payments that have been received on a daily basis (FORM EFT 2)
- vi. Bank of Zambia will advise ZRA of tax payer's details and all tax payments that have been received in the various tax accounts on a daily basis

- vii. The following working day ZRA will collect copies of the Funds Transfer Instruction Forms from commercial banks and together with the settlement advice from Bank of Zambia issue receipts to the Tax Payers and update Tax Payers' accounts.

Taxpayers will collect receipts from ZRA offices within two working days of lodging their transfer form with the commercial bank.

WHO CAN PAY TAXES BY ELECTRONIC TRANSFER?

The following groups of Tax Payers can make payments electronically :

- Corporate Tax payers wishing to make payments for various taxes
- Individual Tax Payers wishing to make payments for various taxes

For further information contact:
The ZRA Advice Centre,
New Revenue Hall, Kabwe R/about,
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TAX PAYMENTS BY ELECTRONIC TRANSFER

“The Efficient Way to Pay Taxes”

March 2007

INTRODUCTION

The Bank of Zambia has been reforming the National Payment System in conjunction with stakeholders the last decade. These reforms have been aimed at introducing efficient and safer payment practices and mechanisms in the economy.

These efforts have led to the introduction of the Zambia Inter-bank Payment and Settlement System/Real Time Gross Settlement System (ZIPSS/RTGS) as a mechanism for settling payment obligations in real time and on a gross basis between transacting parties. The use of the ZIPSS/RTGS has resulted in reduction of risk in the payment system, particularly systemic risk as a result of a reduction in credit and liquidity risk. Further, gains have been made in speed and efficiency of executing payments as transactions are done in real time.

In a bid to extend the benefits derived from the use of the ZIPSS/RTGS system to critical sub sectors of the economy like the tax sector, a joint team of Bank of Zambia, Bankers Association of Zambia and Zambia Revenue Authority (ZRA) was set up to investigate how tax payments could be made through the ZIPSS/RTGS. The team's concerted efforts yielded results with the setting up of a Tax Payment stream on the ZIPSS/RTGS. Tax Payers will now be required to pay for their tax obligations by issuing payment instructions to their banks. The banks will then use the payment instructions to effect these payments through ZIPSS/RTGS.

WHAT IS THE ELECTRONIC PAYMENT OF TAXES?

It is a change from manual processes of making payments by cheques and cash to Zambia Revenue Authority to electronic payment mechanisms which involve instructing a commercial bank to debit the payer's account and credit Zambia Revenue Authority's account with the tax amounts. This will operate on the principle of CREDIT PUSH.

BENEFITS OF ELECTRONIC PAYMENT OF TAXES

Benefits to the Tax Payer

- Reduction of queuing time at ZRA
- Convenient payment method for Tax Payers who may issue instructions in advance for settlement at a specified date to their banks
- Tax Payers with appropriate infrastructure can issue payment instructions from their offices, the transport costs will be eliminated
- Reconciliation of accounts will be more efficient as issues of un-presented cheques will not arise
- Enhanced information on bank statements for each tax payment
- Tax Payers with several consignments at borders no longer need to physically go to each border to make payments
- A Tax Payer will know exactly when their account will be debited and can therefore ensure that their account is funded at this time
- Reduction in the risk of fraud

Benefits to Zambia Revenue Authority

- Elimination of debt collection costs for cheques which are subsequently returned unpaid as transfers will be final and irrevocable
- Reduction in costs associated with banking of taxes collected, both cash and cheque (theft of cash, insurance of cash, security costs, man hours lost to deliver cheques for banking)
- Increased efficiency in tax collection operations as a result of decongested revenue halls.

Benefits to Government

- Quicker access to tax revenues to enable Government carry out their activities more efficiently as they will have access to cleared funds.