

Where the base metal sold or recoverable under the licence is copper, the mineral royalty rate payable is:

- (a) 4.0 % of the norm value, when the norm price of copper is less than Four Thousand (\$4,000) United States dollars per tonne.
- (b) 6.5% of the norm value, when the norm price of copper is Four Thousand One Hundred (\$4,100) United States dollars per tonne but less than Five Thousand (\$5,000) United States dollars.
- (c) 8.5% of the norm value, when the norm price of copper is Five Thousand One Hundred (\$5,100) United States dollars per tonne but less than Seven Thousand (\$7,000) United States dollars
- (d) 10% of the norm value, when the norm price of copper is Seven Thousand One Hundred (\$7,100) United States dollars per tonne or greater.

The following is the summary for the Mineral Royalty rates for copper based on norm value:

The following is a table on showing the computation of mineral royalty on

Norm Price Range	Mineral Royalty Rate
Less than US\$4,000	4.0%
US\$4,000 but less than US\$5,000	6.5%
US\$5,000 but less than US\$7,000	8.5%
US\$7,000 and above	10%

Any person found in possession of minerals extracted in the Republic on which mineral royalty has not been paid shall pay the mineral royalty at the rates as in the tables above.

6. Mineral Royalty Returns

Every holder of large-scale mining license, small-scale mining license, gemstone license, Mineral trading permit or artisan mining right is required to submit a monthly mineral royalty return within Fourteen days after the end of the month in which the sale of the minerals was done.

Note

Where the mining license holder has not sold any minerals, they are still required to submit a nil return..

7. Penalties applicable for non-compliance.

Failure to submit or late submission of the monthly mineral royalty return attracts penalties as follows:

- a) In the case of an individual - one thousand penalty units (or K300.00) per month or part thereof;
- b) In the case of a company - two thousand penalty units (or K600.00) per month or part thereof.
- c) Late payment penalty is 5% of the tax amount plus 2% Interest at Bank of Zambia Discount rate.
- d) Incorrect Returns.
 - Negligence - 1.5% of the gross value or norm value;
 - Willful default- 3% of the gross value or norm value; and
 - Fraud - 4.5% of the gross value or norm value

8. Due Date for Payment

Mineral Royalty is due and payable within **Fourteen (14)** days after the end of the month in which the sale of minerals is done.

Any person found in possession of minerals extracted in the Republic on which mineral royalty has not been paid shall pay the mineral royalty at the rates as in the tables above.

9. Deductibility of Mineral Royalty

Mineral Royalty payable or paid is deductible when computing company income tax when arriving at the gains and profits of a person carrying on mining operations.

NOTE: The Kwacha / US dollar exchange rate used to convert the US dollar norm value into Kwacha norm value is the monthly average Bank of Zambia mid-rate.

For purposes of calculating the norm value, the metal price and monthly average Bank of Zambia mid-rate can be obtained from the Large Taxpayer office or the nearest Zambia Revenue Authority (ZRA) Office.

For more information contact:

Call Centre: 4111

Email: advice@zra.org.zm

Website: www.zra.org.zm



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MINERAL ROYALTY



What is Mineral Royalty?

Mineral Royalty is a payment received as consideration for the extraction of minerals from the Republic of Zambia.

2. Who is liable for Mineral Royalty?

The following are liable to Mineral Royalty:

Holders of the following mining rights and licenses are liable to mineral royalty on minerals produced under their respective licenses:

- Large -scale mining license;
- Large -scale gemstone license;
- Small-scale mining license;
- Small-scale gemstone license;
- Artisan's mining right; and
- Mineral trading permit.

b) Any person in possession of minerals extracted from the Republic on which mineral royalty has not been paid by the supplier of the minerals.

c) All persons carrying out quarrying of industrial minerals; this includes the quarrying of gravel, clay and sand.

d) All persons that mine minerals for use as inputs or raw materials in their manufacturing process e.g. cement and lime manufacturers.

3. How are minerals classified for tax purposes?

Minerals are classified in five categories as follows:

Base metals – means a non-precious metal that is either common or more chemically active, or both common and chemically active and includes iron, copper, nickel, aluminum, lead, zinc, tin, magnesium, cobalt, manganese, titanium, scandium, vanadium and chromium.

b) Energy Minerals - means a naturally occurring substance in the earth's crust used as a source of energy and includes coal, uranium and any other minerals used to generate energy but does not include petroleum.

c) Gemstones – these are non-metallic substances used in jewellery and they include amethyst, aquamarine, beryl, corundum, diamond, emerald, garnet, ruby, sapphire, topaz, tourmaline and any other non - metallic substance, being a substance used in the manufacture of jewelry that the Minister by statutory instrument declares to be a gemstone.

d) Industrial Minerals – these are rocks or minerals other than gemstones, base metals, energy minerals or precious metals used in their natural state or after physical or chemical transformation and includes

but is not limited to barites, dolomite, feldspar, fluor spar, graphite, gypsum, ironstone, when used as a fluxing agent kyanite, limestone, phyllite, magnesite, mica, nitrate, phosphate, pyrophyllite, salt, sands, clay, talc, laterite, gravel and any other mineral classified as an industrial mineral by statutory order.

e) Precious Metals – these are not defined in the Act but are high value metals and include gold, platinum, silver, palladium and selenium.

Types of metals and minerals

Industrial minerals	Limestone, sand, gravel, gypsum, talc, etc.
Energy minerals	Coal, uranium, etc.
Precious metals	Gold, silver, platinum, etc.
Gemstones	Diamond, emerald, aquamarine, etc.
Base metals other than copper	Iron, nickel, lead, zinc, cobalt, titanium, tin, aluminum etc.

4. How does one compute Mineral Royalty?

Calculation of Mineral Royalty is based on either the norm or gross value of the minerals as follows:

Gross Value

Gross value is applicable to the following minerals:

- i. Industrial Minerals
- ii. Energy Minerals
- iii. Gemstones

Under this method of calculation, Mineral Royalty is calculated based on the Gross Value of the minerals sold. For purposes of computing Mineral Royalty, 'gross value' is defined as "the realised price for sale Free on Board at the point of export in Zambia or point of delivery within Zambia"

b) Norm Value

Norm value is applicable to the following:

- i. Base metals (including copper)
- ii. Precious metals

For purposes of computing Mineral Royalty, 'Norm Value' means –

(a) the monthly average cash price per tonne on the London Metal Exchange multiplied by the quantity of the metal or recoverable metal sold;

(b) the monthly average cash price per tonne on the

Fastmarket MB multiplied by the quantity of the metal sold or recoverable metal sold to the extent that the metal price is not quoted on the London Metal Exchange; or

(c) the monthly average cash price per tonne, at any other exchange market approved by the Commissioner – General, multiplied by the quantity of the metal sold or recoverable metal sold to the extent that the metal price is not quoted on the London Metal Exchange or in the Fastmarkets MB

5. Mineral Royalty Rates

The Mineral Royalty rates are as follows:

- (a) **5%** of the norm value of the base metals sold or recoverable under the licence, except when the base metal is copper, cobalt and vanadium;
- (b) **5%** of the gross value of the energy and industrial minerals sold or recoverable under the licence;
- (c) **6%** of the gross value of the gemstones sold or recoverable under the licence;
- (d) **6%** of the norm value of precious metals sold or recoverable under the licence; and
- (e) **8%** of the norm value of cobalt and vanadium sold or recoverable under the licence.

The following is a table for the mineral royalty rates.
Table 2: Mineral royalty rates (other than copper)

Description	Mineral Royalty Rate
Base Metals (Other than Copper, Cobalt and Vanadium)	5% of norm value
Energy and Industrial Minerals	5% of gross value
Gemstones	6% of gross value
Precious Metals	6% of norm value
Cobalt and Vanadium	8% of norm value