

for each export product. The calculated coefficient will then be applicable whenever that product is exported to determine the amount of duty to be refunded.

- If there is a duty drawback coefficient already calculated for the export product, this coefficient will be used unless the exporter can show sufficient evidence that the coefficient is not appropriate for the new exporter's particular circumstances.
- Periodic assessment of coefficients is in-built to incorporate changes in circumstances. These may be raised by either party.

*Note: The necessary bureaucratic procedures will be restricted to the beginning of a company's involvement in the system, that is, when calculating the coefficient. Thereafter, a semi-automatic procedure will apply.*

## 7. Monitoring

- The Duty Drawback section can request from the exporter, proof of purchase with respect to inputs and sources of inputs to facilitate verification of the calculation of the coefficient.
- Even after a refund has been made customs may require additional documentation to prove that the goods were exported and give the scheme members three months to produce failure of which client maybe required to repay the money with interest.
- The scheme is also subject to internal management controls to avoid abuse.
- Scheme members have upto six months to claim for duty drawback refund after the export has been made.

## 8. Essential documents to accompany the claim

- ✓ Completed form CE26B
- ✓ Duly stamped customs export form CE20 and export release documents from port of exit of the consignment
- ✓ Commercial invoice
- ✓ Packing list / Airway bill
- ✓ Customs Import documents for the importing country and any other relevant supporting documents duly stamped.

## 9. Non-applicability of the Duty Drawback scheme

The Duty Drawback scheme does not admit any mineral exports

## 10. Benefits of Duty Draw back

- ✓ Encourages exports
- ✓ It is one of the most supportive and effective incentives designed for the growth of the economy of Zambia.
- ✓ It allows or creates a favorable environment for domestic produced goods to compete effectively on the foreign market as they are priced attractively to the consumer.
- ✓ Increases company revenue and increases cashflow



# DUTY DRAWBACK

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## A Brief Guide to Exporters

## 1. Introduction

Duty Drawback (DDB) is a mechanism that provides exporters with a refund of duties paid on unused imported goods, or goods that will be treated, processed, or incorporated into other goods for export.

The DDB scheme is one of the most supportive and effective incentives designed for the growth of the economy in Zambia. One of its valued attributes is that it allows or creates a favorable environment for domestically produced goods to compete effectively on the foreign market as they are priced attractively to the consumer.

## 2. The scope of the scheme

- The duty drawback scheme is administered through the Customs and Excise (General) Regulations, 2000.
- Goods produced in Zambia upon which customs and excise duty has been paid are subject to a drawback of such duties when exported to any country. This, however, does not include cobalt, lead, copper, and zinc.
- Raw materials will be treated as if the tariff was zero except where it is proved that they are priced at import parity prices. However direct exporters of these raw materials would qualify for duty drawback if there is a duty component in their cost of production for the export market.
- Capital items are also not included as allowable inputs. However, spare parts will be considered as inputs if they are consumables as agreed between the Commissioner General and a registered claimant in advance of the

calculation of the applicable coefficient.

- Any raw mineral exports are totally excluded from the scheme.
- The treatment for fuel follows the legislation for Value Added Tax.
- The applicable forms for the administration of the duty drawback scheme should be reproduced by the exporter. This will allow the exporter to create enough space, say by adding more rows to form CE 26A, to accommodate all the necessary data required. For this reason, ZRA will not supply the forms. But will supply a soft copy if requested.

## 3. Legal Framework governing Duty drawback

- Principal legislation under Section 89 of the Customs and Excise CAP 322 of the laws of the laws of Zambia empowers the minister to make regulation granting or providing for the granting of duty drawback.
- Subsidiary legislation under Regulations 99 to 103 of the Customs and Excise (General) Regulations, 2000 of S.I. 54 of 2000. And Regulation 10 to 11 of S.I. 91 of 2019

## 4. Who is eligible?

All export manufacturers with the exclusion of exporters of Cobalt, Copper, Lead and Zinc. Any form of Mining is totally excluded from the scheme.

## 5. Eligibility conditions

- To access the duty drawback scheme, the exporter is required to register using form CE 26 with the Duty Drawback section under the

Customs Credibility and Controls unit at the Zambia Revenue Authority Headquarters. A copy of company registration and a tax clearance certificate should accompany the registration form CE 26. Import documentation from importing or transiting country.

- ZRA will allow duty drawback for up to six months after the export has been made.
- Legal ownership of the goods at the time the goods are exported
- A duty drawback coefficient for each export product is calculated on form CE 26A and be submitted to the Duty Drawback section for verification and approval. The section will assist the exporter in the completion of the duty drawback coefficient following guidelines and notes.
- After the exportation, the registered exporter can claim for duty drawback by application on form CE 26B attaching the Customs export form CED 20 duly stamped by the Zambia Customs Authority at the exit station, and other documents such as Commercial Invoice, Packing List, Airway Bill, Import documentation from importing or transiting country etc.
- The refund will either be a cash refund or duty credit as the exporter wishes.

## 6. Applicable Duty Drawback rate (Coefficient)

- A duty drawback coefficient, which is the amount of duty included in the value of any input used in the production of any output calculated as a proportion of the sales values of such products, must be calculated