

ZAMBIA REVENUE AUTHORITY



PRACTICE NOTE

NO. 1 /2016



**ZAMBIA
REVENUE
AUTHORITY** | *Working
To Serve You
Efficiently*

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Our Mission

“To optimise and sustain revenue collection through integrated, efficient, cost effective and transparent systems, professionally managed to meet the expectations of all stakeholders.”

Our Vision

“To be a world class organisation recognized as a beacon of excellence in revenue administration”

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1.0 FOREWORD

This **Practice Note** describes the various changes introduced by the:

1. Income Tax (Amendment) Act No. 6 of 2015.
2. Income Tax (Amendment) Act No. 19 of 2015.
3. The Property Transfer Tax (Amendment) Act No. 16 of 2015.
4. The Mines and Minerals Development Act No. 11 of 2015.
5. The Value Added Tax (Amendment) Act No. 17 of 2015.
6. The Value Added Tax Act (VAT Exemption Order) Statutory Instrument No. 102 of 2015.
7. The Value Added Tax Act (VAT Zero Rating Order) Statutory Instrument No. 88 of 2015.
8. The Value Added Tax Act (General) (Amendment) Regulations Statutory Instrument No. 92 of 2015.
9. The Insurance Premium Levy Act No. 21 of 2015.
10. The Customs and Excise (Amendment) Act No. 18 of 2015

The commentary is for general guidance only and is not to be taken as an authority in any particular case. The information provided is not exhaustive and does not affect any person's right of appeal on any point concerning a person's liability to tax, nor does it preclude any discretionary treatment which may be allowed under the law.

Note that regarding excise, only matters relating to Local Excise Duty administered by the Domestic Taxes Division have been included in this Practice Note.

Enquiries may be made through the ZRA National Call Centre, your nearest Client Service Centre or any Domestic Taxes Office.



Berlin Msiska
COMMISSIONER-GENERAL

PART I:**SUMMARY OF AMENDMENTS****2.0****THE INCOME TAX ACT (ITA) – EFFECTIVE 1ST JULY 2015****ITA Section****Subject**

1

Title and commencement

2

Changes the definitions of the following:

- (a) mining operations; and
- (b) mineral processing.

22A

Empowers the Commissioner-General to determine the apportionment basis in determining the assessable income for mineral processing and mining operations for the charge year 2015.

30(1)(b)

Restricts the deduction of losses arising from mining operations to only fifty percent of income from that source.

30(2)(b)

Restricts the loss deductible in subsequent charge years to fifty percent of the income from mining operations.

Charging
Schedule Para
3(1)(e)

Increases the rate of tax for mineral processing to thirty five percent from thirty percent.

3(1)(f)

Extends the tax rate of thirty per cent to all mining operations where the income from mining operations does not exceed eight percent of the gross sales.

3(1)(g)

Extends the variable profits tax rate to all mining operations where the income from mining operations exceeds eight percent of the gross sales.

3.0**THE INCOME TAX ACT (ITA) - EFFECTIVE 1ST JANUARY 2016****ITA Section****Subject**

1

Title and commencement

2

- (i) Introduces a new definition for “Electricity generation”; and
- (ii) Changes the definition for “Retirement age”.

21(5)(b)

Extends the tax relief to benefits received by an individual upon late retirement.

30(3)	Extends the ten year carry forward of losses to all persons carrying on electricity generation.
43B	Aligns the section with the Mines and Minerals Development Act No. 11 of 2015.
46	Provides for different due dates for the manual submission of Annual Income Tax Returns and for the electronic submission of Annual Income Tax Returns.
46A	Provides for different due dates for the manual submission of Provisional Tax Returns and for the electronic submission of Provisional Tax Returns.
77(4A)	Prescribes the due date for tax payable by a person on income received from the letting of property.
81B(2)	Removes the reference to the redundant Trades Licensing Act.
81B(3)	Aligns the section with the Mines and Minerals Development Act No. 11 of 2015
81B(7)	Removes the definition of “mining licence”.
82A(1)(a)	Extends the application of withholding tax to management and consultancy fees from a source within the Republic.
82A(1)(g)	Clarifies the tax treatment of winnings by individuals from gaming, betting and lottery received by virtue of employment or office.
82A(2)(b)	Removes the withholding tax applicable on discount income arising from Government bonds.
82A(2)(c)	Empowers the Commissioner-General to issue withholding tax exemption certificates to persons in receipt of management or consultancy fees and rental income.
111	Aligns the section with the provisions of the Tax Appeals Tribunal Act No. 1 of 2015.
112	Removes the reference to “High Court”.
First Schedule Para 9	Aligns the paragraph with the Mines and Minerals Development Act No. 11 of 2015.
Fourth Schedule Para 2(2)(b)(ii) & (3)(a)(iii)	Aligns the Schedule with the National Pension Scheme (Amendment) Act No. 7 of 2015 by changing the normal retirement age.

Fourth Schedule Para 4(3)(b) & (c)	Aligns the Schedule with the National Pension Scheme (Amendment) Act No. 7 of 2015 by changing the normal retirement age.
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Fifth Schedule Para 10(5)	Extends the wear and tear allowance of fifty per centum on a straight line basis to implements, machinery and plant used in electricity generation.
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Fifth Schedule Para 22(3)	Aligns the Schedule with the Mines and Minerals Development Act No. 11 of 2015.
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Charging Schedule Para 3(1)(a)	Provides clarity on the application of incentives available to companies whose shares are listed on the Lusaka Stock Exchange.
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5(g)	Provides for the rate of tax applicable on rental income at ten per cent per annum.
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4.0 THE PROPERTY TRANSFER TAX ACT

Section	Subject
1	Title and commencement
2	Aligns the section with the Mines and Minerals Development Act No. 11 of 2015.
3	Replaces the word 'Direct' with the word 'Domestic'.
4	Reduces the Property Transfer Tax rate on land and shares from ten percent to five percent.
6(1)(d)	Makes the reference to the correct words 'Public Benefit Organisation'.

5.0 THE MINES AND MINERALS DEVELOPMENT ACT

Section	Subject
1	Title and commencement
88(1)	Places responsibility for the collection and assessment of mineral royalty on the Commissioner General.
89(1), (2), (3)	Reduces the rates of mineral royalty applicable to underground mining, open cast mining and to persons found in possession of minerals.

6.0 THE VALUE ADDED TAX ACT

Section	Subject
1	Title and commencement
2	Provides for the definition of “fiscal cash register”.
5	Excludes from VAT group registration any companies dealing only in exempt supplies.
37A(1)	Provides for the confidentiality of taxpayers' information.
37A(2)	Specifies the penalty where a person contravenes the confidentiality provisions.
42A(1)	Provides for the use of fiscal cash registers in recording daily sales.
42A(2)	Empowers the Commissioner General to approve the use of a document, device or equipment other than a fiscal cash register for certain categories of taxable suppliers.
42A(3)	Provides for penalties where a taxable supplier does not use a fiscal cash register.
51	Provides for the Minister to make Regulations pertaining to the use of fiscal cash registers or other equipment.
Third Schedule Para 4	Re-aligns the Schedule by the deletion of paragraph 4 and renumbering the paragraphs.

7.0 THE VALUE ADDED TAX ACT (EXEMPTION) (AMENDMENT) ORDER STATUTORY INSTRUMENT NO. 102 OF 2015

Para	Subject
7	<i>Exempts from VAT the provision of non-life insurance services.</i>
7	<i>Provides clarity on the type of supply that is exempt from VAT under financial services.</i>

8.0 THE VALUE ADDED TAX ACT (ZERO RATING) (AMENDMENT) ORDER STATUTORY INSTRUMENT NO. 88 OF 2015

Para	Subject
1	Aligns the provisions of the VAT (Zero Rating) Order with the VAT Act concerning the VAT Refund Scheme for tourists.

9.0**THE VALUE ADDED TAX (GENERAL) REGULATIONS,
STATUTORY INSTRUMENT NO 92 OF 2015****Regulation****Subject**

- 2 Provides for the definition of “electricity generation”.
- 13(4) Increases the period for claiming Input Value Added Tax as an intending trader for electricity generation from two to four years.

10.0**THE INSURANCE PREMIUM LEVY ACT, 2015**

Provides for the imposition, payment and collection of insurance premium levy.

11.0**THE CUSTOMS AND EXCISE (AMENDMENT) ACT, 2015****Section****Subject**

- 1 Title and Commencement
- 88d(1) Provides for an importer, exporter or manufacturer of excisable goods to make a self-assessment where the Commissioner-General make such an authorisation.
- 88d(2) Empowers the Commissioner-General to make rules for the conduct of self-assessment by an importer, exporter or manufacturer of excisable goods.
- 155A Provides for the prosecution of directors of a company, where the
188 company commits an offence under the Act.
Provides for the period for the retention of records.
- 190 Provides for an appeal process to be followed by a person aggrieved by a decision of the Commissioner-General under the Act.
- Second Schedule Increases the excise duty on carrier bags for shopping, cigarettes and motor vehicles for the transportation of goods.
- Sixth Schedule Provides for the value of cigarette tobacco, pipe tobacco, chewing tobacco, cigars and snuff tobacco.

PART II: COMMENTARY ON AMENDMENTS

12.0 THE INCOME TAX ACT (Act No. 6 of 2015)

12.1 SECTION 1: TITLE AND COMMENCEMENT

The amendment Act comes into effect on 1st July 2015.

12.2 SECTION 2: INTERPRETATION

12.2.1 The definition of the term “Mining Operations” has been introduced as follows:

“Mining Operations” means an operation carried out under a mining right, excluding an operation carried out under a mineral processing licence only or an exploration licence.

This amendment excludes from the definition of mining operations, any operations carried out under a mineral processing or exploration licence. However, where a person is carrying on both mining and mineral processing, the income earned from the two activities shall qualify to be taxed as income arising from mining operations.

12.2.2 The definition of the term “Mineral Processing” has been amended as follows:

“Mineral Processing” has the meaning assigned to it in the Mines and Minerals Development Act, 2015, and is defined in that Act as follows:

“Mineral Processing” means the practice of beneficiating or liberating valuable minerals from their ores which may combine a number of unit operations such as crushing, grinding, sizing, screening, classification, washing, froth floatation, gravity concentration, electrostatic separation, magnetic separation, leaching, smelting, refining, calcining and gasification or other processes incidental thereto.

The amendment therefore aligns the definition in the Income Tax Act with the Mines and Minerals Development Act No. 11 of 2015.

12.3 SECTION 22A: ASSESSABLE INCOME

The principal Act is amended by the insertion, immediately after section 22, of the following new section:

22A. *The Commissioner-General may, for the purposes of determining assessable income relating to mineral processing and mining operations for the charge year 2015, determine the appropriate apportionment basis.*

The amendment empowers the Commissioner-General to determine an appropriate apportionment basis for determining the assessable income for the Charge Year 2015 for mineral processing and mining operations. For the Charge Year 2015, income from mining operations and mineral processing shall be taxable under two different tax regimes.

Table 1: Summary of the Mining Income Tax Regimes for 2015

Scenario of 2015 Regimes (source of income)	2015 - First Half Regime	2015 - Second Half Regime	Comment
Mineral Processing only	Taxable profit taxed at 30%.	Taxable Profit taxed at 35%.	
Mining Operations only (without mineral processing)	Taxable profit taxed at zero percent (0%).	<ul style="list-style-type: none"> Taxable Profit taxed using the variable profit formula. The use of tax losses is limited to 50% of the income. 	
Integrated Mining Operations (Mining Operations and Mineral Processing)	<ul style="list-style-type: none"> Mineral Processing profits to be taxed at 30%; Capital allowances on selected equipment at 50% for Mineral processing; Mining operations profits to be taxed at 0%. 	<ul style="list-style-type: none"> Taxable Profit taxed using the variable profit formula. The use of tax losses is limited to 50% of the income. 	Second half of the year only has one source of income, which is mining operations.

NOTE:

When filing tax returns, the three incomes will be declared as different sources of income based on one set of financial statements.

12.3.1 Appropriate Apportionment Basis for the Income Sources in Table 1

(i) Mineral Processing Only:

Where a company's operations involved only mineral processing, the computed total taxable income for the whole charge year will first be apportioned into two equal parts and the resulting income is taxed as follows:

- In the first half of the year taxable income will be taxed at 30%; and
- In the second half of the year taxable income will be taxed at 35%.

(ii) Mining Operations Only (excluding mineral processing):

Where a company's operations did not involve any tolling or third party purchases of concentrates and ores, the computed total taxable income for the whole charge year will first be apportioned into two equal parts and the resulting income taxed as follows:

- In the first half of the year taxable income will be taxed at 0%; and
- In the second half of the year taxable income will be taxed at the variable profit tax rate.

(iii) Integrated Mining Operations:

Where a company's operations involved both mining operations and mineral processing including tolling, the income attributable to the two periods will be determined by splitting the results into two equal amounts.

To determine income attributable to each source namely; mining operations and mineral processing, income may be apportioned using the output or input volume ratios.

Example:

Fire Mining Limited is an integrated mining company that has two mines and a smelter. In the year 2015 they processed the following concentrates:

- i) three thousand tonnes from their mines,
- ii) five hundred tonnes on behalf of Water Mines Limited at US\$550 per tonne (K6,050 per tonne at US\$1 = K11) amounting to a total of K3,025,000; and
- iii) five hundred tonnes that it bought from Country A at K4,000,000.

The total cathodes produced were 800 tonnes out of which 100 tonnes belonged to Water Mines Limited. 700 tonnes were sold at K38,500,000.

The following additional information is provided:

- i) Total Allowable costs amounted to K15, 000,000 which included the purchase price of K 4,000,000.
- ii) Total Revenue:

Tolling fees from Water Mines	K 3,025,000
From purchased and own concentrates	K 38,500,000
Total	K 41,525,000
Less total costs	K 15,000,000
Profit for the whole year before capital allowances	K 26,525,000

STEP 1: Apportionment of annual financial results into the two periods

Divide annual figures by two to get the figures for each half of the period relating to the Charge Year 2015.

Table 2: Apportionment of Annual Financial Results

	Annual figures K	Apportioned figures First Half K	Apportioned figures Second Half K
Sales	41,525,000	20,762,500	20,762,500
Less: Total Costs	15,000,000	7,500,000	7,500,000
Taxable Profit for the year before capital allowances	26,525,000	13,262,500	13,262,500

STEP 2 (a): Tax treatment of results for first half of the year

For the period January to June 2015, the computed profit of K 13,262,500 in Step 1 will be further apportioned using an appropriate basis such as cathode tonnage.

Income from Mineral Processing and Mining Operations:

Assuming 100 tonnes of the 800 tonnes of copper cathodes relate to the concentrates purchased from Country A, when the 100 tonnes relating to the tolled quantity is added, we have a total of 200 tonnes relating to mineral processing. To calculate the revenue, the costs and the taxable profit relating to mineral processing, the apportionment basis will be 200/800. Conversely, for mining operations it will be 600/800.

Table 3: Apportionment of First Half Figures

	Apportioned figures First Half K	Mineral Processing (200/800= 25%) K	Mining Operations (600/800= 75%) K
Sales	20,762,500	5,190,625	15,571,875
Less: Total Costs	7,500,000	1,875,000	5,625,000
Taxable Profit for the year before capital allowances	13,262,500	3,315,625	9,946,875
Applicable tax rate		30%	0%

Step 2(b): Tax treatment of results for second half of the year

For the period July to December 2015, the computed profit of K 13,262,500 in Step 1 will be taxed in full using the variable profits tax only. (The minimum rate is 30% and maximum rate is 45%)

12.3.2 APPORTIONMENT OF CAPITAL ALLOWANCES

- (i) Mineral Processing Only: Capital allowances will be claimed at the rate of 50% for the whole year.
- (ii) Mining Operations Only: Capital allowances will be claimed at the rate of 25% for the whole year.
- (iii) Integrated Mining Operations:

For a company that has integrated mining activities such as tolling, processing of own and purchased concentrates, the capital allowances will be claimed at the rate of 25% for the whole year. This is because the assets have dual use and are not exclusively and directly used for mineral processing.

12.4 SECTION 30: LOSSES

Section 30 of the principal Act is amended by the repeal of section 30 and the substitution thereof of the following:

30. (1) *A loss incurred by a person in a charge year from –*

- (a) a source other than a mining operation, shall be deducted from that person's income from the same source on which the loss was incurred; and*

- (b) a mining operation, shall be deducted from fifty percent of the income of the person from the mining operation.*
- (2) Where a loss referred to in –*
- (a) paragraph (a) of subsection (1) exceeds the income of a person for a charge year, the excess shall, as far as possible, be deducted from that person's income from the same source on which the loss was incurred in the following charge year; and*
 - (b) paragraph (b) of subsection (1) exceeds fifty percent of the income from a mining operation for a charge year, the excess shall, as far as possible, be deducted from fifty percent of that person's income from the mining operation in the following charge year.*
- (3) Subject to subsection (1) and (2), a loss incurred by a person –*
- (a) carrying on a mining operation or hydro and thermo power generation, shall not be carried forward beyond ten subsequent charge years after the charge year in which the loss is incurred; and*
 - (b) in any other case shall not be carried forward beyond five subsequent years after the charge year in which the loss was incurred.*
- (4) Losses brought forward as at 31st March, 1997, shall be deemed to have been incurred in the charge year ending 31st March, 1997.*
- (5) Where on the death of an individual, interest in a business passes to that individual's spouse, any undeducted loss attributable to that interest shall be deducted from the spouse's income from that business in accordance with subsection (2).*

The amendment limits the use of losses to a maximum of fifty percent of the taxable income in a charge year for a person carrying on mining operations.

The remainder of the losses will be carried forward for a maximum period of ten years.

Example:

A mining company - A made a loss of K1,000,000.00 in the charge year 2015 and the taxable income and losses declared were as follows:

- 2016 – K200,000;
- 2017 – (100,000); and
- 2018 – K600,000.

The allowable loss carried forward will be computed as follows:

Table 4:

	2016 K	2017 K	2018 K
Taxable profit for the year	200,000	(100,000)	600,000
50% of the income utilised in the year against losses	100,000	0	300,000
Loss brought forward	(1,000,000)	(900,000)	(1,000,000)
Loss carried forward to subsequent year	(900,000)	(1,000,000)	(700,000)
Taxable amount	100,000	0	300,000

In 2016, the amount of K100,000.00 which is not offset against the loss will be taxed using the variable profits tax formula. Similarly, in 2018, K300,000.00 will be taxed.

12.5 Charging Schedule

The Charging Schedule to the principal Act is amended by the deletion of subparagraphs (e), (f) and (g) of paragraph 3 and the substitution thereof of the following:

- (e) on income from mineral processing, at the rate of thirty-five percent;*
- (f) where the income from a mining operation does not exceed eight percent of the gross sales, at the rate of thirty percent; and*
- (g) where the income from a mining operation exceeds eight percent of the gross sales, at the rate determined in accordance with the following formula:*

$$Y = 30\% + [a - (ab/c)]$$

Where –

Y = the tax rate to be applied per annum;

a = 15%

b = 8%; and

c = the percentage ratio of the assessable income to gross sales.

Following this amendment:

- (i) the rate of tax charged on income from mineral processing has increased to thirty-five percent from thirty-percent;
- (ii) income from mining operations that does not exceed eight percent of the gross sales shall be taxed at the rate of thirty percent; and
- (iii) income from mining operations that exceeds eight percent of the gross sales shall be subjected to the variable profits tax rate.

Prior to this amendment, only income from the mining of industrial minerals was subjected to the variable profits tax.

12.6 NON STANDARD ACCOUNTING DATE

Any person who has a non- standard accounting date (the standard is 31st December) will be subject to the applicable tax rates for the relevant charge year. For instance, companies within accounting period running from 1st July 2014 to 30th June 2015 will be subject to the tax regime for the charge year 2015 regardless:

- a) of the fact that part of the accounting period (1st July 2014 to 31st December 2014) lies in 2014; and
- b) of the fact that the second half of the accounting period covers the period before the effective date of the mining tax regime that came into effect on 1st July 2015.

13.0 THE INCOME TAX (AMENDMENT) ACT (Act No. 19 of 2015)

13.1 SECTION 1: TITLE AND COMMENCEMENT

The Act comes into effect on 1st January 2016.

13.2 SECTION 2: INTERPRETATION

13.2.1 The definition of “retirement age” has been amended as follows:

“retirement age” means the age specified in the rules of an approved fund as the age of retirement, or if no age is specified in the rules, sixty years of age.

This amendment arises as a consequence of the National Pension Scheme (Amendment) Act No. 7 of 2015, where the retirement age has been changed from fifty-five years to sixty years.

13.2.2 The definition of “hydro and thermo power generation” has been deleted.

This amendment was necessitated by the fact that the definition restricted the sources of power generation. .

13.2.3 The following definition has been introduced:

“electricity generation” means the production of electrical energy using physical and non-physical sources of energy such as water, wind, solar, petroleum, coal, biomass and any other source of energy except wood.

This amendment introduces a broad definition of electricity generation that includes other alternative energy sources such as wind and solar. Prior to this amendment, the old definition was only applicable to “hydro and thermo power generation”. Generation of electricity using wood is not included in the definition of electricity generation.

13.3 SECTION 21: APPORTIONMENT OF GRATUITIES AND COMPENSATION FOR LOSS OF OFFICE

Section 21 of the principal Act is amended in subsection 5 by the inclusion of the words “late retirement” immediately after the words “normal retirement”.

The amendment extends tax **relief to benefits received by an individual upon late retirement**. This means that where an individual opts for late retirement and receives a repatriation allowance or severance pay, the first thirty five thousand Kwacha will be taxed at zero percent and the balance at ten percent.

This inclusion of late retirement is in line with the National Pension Scheme

(Amendment) Act No 7 of 2015, which introduced the late retirement age of sixty five years.

Prior to this amendment, the tax relief under Section 21(5) was only applicable to payments received on redundancy, early retirement, normal retirement or death.

NOTE:

This provision does not apply to payments made after 5th January 2016 when the Constitution was amended.

13.4 SECTION 30: LOSSES

Section 30 of the principal Act is amended in paragraph (a) of subsection (3) by the deletion of the words “hydro and thermo power” and the substitution therefor of the word “electricity”.

The amendment extends the 10 year period for the carrying forward of losses for businesses engaged in the generation of electric power using hydro and thermal, to businesses generating power using other energy sources.

13.5 SECTION 43B: DEDUCTION OF MINERAL ROYALTY

Section 43B of the principal Act is amended in subsection (1) by the deletion of the words “section sixty-six of the Mines and Minerals Act” and the substitution therefor of the words “the Mines and Minerals Development Act, 2015”.

The amendment aligns the section with the provisions of the Mines and Minerals Development Act No. 11 of 2015, in light of the change of the name of the Act.

13.6 SECTION 46: RETURNS GENERALLY

Section 46 is amended by the –

(a) deletion of subsection (3) and the substitution therefor of the following:

(3) The return referred to in subsection (1) shall be furnished to the Commissioner-General –

(a) in the case of an electronic return, not later than 30th June following the end of any charge year; and

(b) in the case of a manual return, not later than 5th June following the end of any charge year;

(b) deletion of subsection (4) and the renumbering of subsection (5) as (4).

This amendment provides for the different due dates for the submission of manual

returns and electronic returns. Taxpayers that file returns electronically are required to submit returns by the 30th of June, while those who opt to file returns manually are required to submit them by the 5th of June.

Note: Late submission penalties will be charged where returns are not filed on time.

13.7 SECTION 46A: PROVISIONAL INCOME

Section 46A is amended in subsection (3) by the deletion of paragraph (a) and the substitution thereof of the following:

- (a) *in any charge year –*
 - (i) *in the case of an electronic return, not later than 31st March of the charge year to which the return relates; and*
 - (ii) *in the case of a manual return, not later than 5th March of the charge year to which the return relates.*

This amendment provides for the different due dates for the submission of manual returns and electronic returns. Taxpayers that file returns electronically are required to submit the returns by the 31st of March, while those who opt to file returns manually are required to submit them by the 5th of March.

Note: Late submission penalties will be charged where returns are not filed on time.

13.8 SECTION 77: WHEN TAX DUE IS PAYABLE

Section 77 of the principal Act is amended by the insertion immediately after subsection (4) of the following:

- (4A) *Any tax payable by a person on the income received from letting property is due and payable within fourteen days after the end of the month in which the income is received as provided in section five.*

This amendment provides for the due date for the payment of tax on rental income by landlords that are approved by the Commissioner-General to account for tax on rental income.

13.9 SECTION 81B: TAX CLEARANCE CERTIFICATE

13.9.1 Section 81B of the principal Act is amended by the deletion of subsections (2) and (3) and the substitution thereof of the following:

- (2) *A person, institution or authority empowered to issue a trading licence under any written law shall not issue the trading licence to an applicant unless the applicant produces a tax clearance certificate.*

- (3) *A person, institution or authority empowered to issue an exploration licence, mining licence, mineral processing licence, gold panning certificate, mineral trading permit or mineral import or export permit under the Mines and Minerals Development Act, 2015, shall not issue the licence, certificate or permit to the applicant unless the applicant produces a tax clearance certificate;*

The amendment in subsection (2) removes the reference to the Trades Licensing Act. Currently, trading licences are no longer issued under the Trades Licensing Act. This amendment covers any licence issued to any person carrying on any trading activity.

The amendment in subsection (2) prohibits the issuance of a trading licence in the absence of a tax clearance certificate.

The amendment in subsection (3) requires to the production of a tax clearance certificate when applying for a permit, certificate or licence under the Mines and Minerals Development Act No. 11 of 2015 and prohibits the issuance of a *licence, certificate or permit to an applicant* where a tax clearance certificate is not produced.

13.9.2 *Section 81B of the principal Act is amended by the deletion in subsection (7), of the definition of “mining licence”.*

This amendment removes the definition of “mining licence” following the change in the definition of “mining licence” in the Mines and Minerals Development Act No. 11 of 2015, which has rendered the provision in the Income Tax Act redundant.

13.10 SECTION 82A: DEDUCTION OF TAX FROM CERTAIN PAYMENTS

13.10.1 Section 82A of the principal Act is amended in subsection (1) by the deletion of paragraphs (a) and (g) and the substitution thereof of the following:

- (a) *a management or consultant fee from a source within or deemed under section eighteen to be from a source within the Republic;*
- (g) *winnings from gaming, lotteries and betting other than winnings received by an individual by virtue of employment or office;*

The amendment in paragraph (a) extends the application of withholding tax to local consultants at the rate of 15 percent. However, the tax deducted is not a final tax. The consultants will be required to submit Annual Income Tax Returns and the tax paid will be granted as a credit against any tax liability that may arise.

The amendment in paragraph (g) clarifies that, where any winnings are received by virtue of an individual's employment or office and the promotion by the employer is exclusive to employees, the winnings will be treated as an emolument to be taxed under the Pay-As-You-Earn (PAYE) Scheme and will NOT be subject to withholding tax.

13.10.2 Section 82A of the principal Act is amended in subsection (2) by the deletion of paragraph (b) and the substitution therefor of the following:

- (b) *the payment of an amount in excess of the original issue price for a treasury bill sold at a discount from face value shall be deemed for the purposes of this section to be payment of interest when the treasury bill is presented for redemption or rediscount;*

This amendment removes the reference to “similar financial instrument”, a category that also included Government bonds. This means that withholding tax will no longer be applicable on discount income arising from Government bonds and this amendment shall apply to bonds maturing with effect from 1st January 2016 (and applies to both existing and future issuances).

Withholding tax will only be applicable on the coupon interest earned from Government bonds. Discount income earned on Government bonds will no longer be deemed as interest under Section 82A.

However, withholding tax on interest earned on Treasury Bills will still be deducted.

13.10.3 Section 82A of the principal Act is amended in subsection (2) by the substitution of paragraph (c) with the following:

- (c) *the Commissioner-General may determine that the provisions of paragraph (a), (b), (c) or (d) of subsection (1) do not apply in a particular case and shall, in writing, notify the person or partnership concerned that the provisions of paragraph (a), (b), (c) or (d) of subsection (1), as applicable, do not apply to that person or partnership to the extent and to the period specified in the notification.*

This amendment empowers the Commissioner-General to issue either Limited Deduction Directions (LDD) or withholding tax exemption certificates to persons in receipt of management or consultancy fees and rental income.

This amendment provides for landlords to obtain approval from the Commissioner-General to receive rentals without the deduction of withholding tax.

Similarly, management or consultancy services such as Accounting and Auditing, Trade and Investment, Medical, Legal, Architectural, Project Management, Engineering, Metallurgical, Surveying, Computerisation, Biotechnical services, Environmental and Ecological, Energy Conservation, Exploration or exploitation of mineral oil or natural gas, Technical Training, Security, Immigration, Secretarial and other similar services may apply for a withholding tax exemption certificate to allow them receive gross fees.

However, Limited Deduction Directions (LDD) or withholding tax exemption certificates will only be granted if the Commissioner General is satisfied with the reasons and circumstances surrounding the application.

Prior to this amendment, Limited Deduction Directions were only granted to persons in receipt of income deemed to be from a source within the Republic. The amendment now extends to local management or consultancy fees.

13.11 SECTION 111: APPEALS FROM TAX APPEALS TRIBUNAL

The principal Act is amended by the repeal of section 111 and the substitution therefor of the following:

111. A person dissatisfied with a decision of the Tribunal may appeal against the decision in accordance with the Tax Appeals Tribunal Act, 2015.

This amendment aligns the section with the provisions of the Tax Appeals Tribunal Act No. 1 of 2015. Under the Tax Appeals Tribunal Act, appeals against the decisions of the Tax Appeals Tribunal will be made to the Supreme Court.

Prior to this amendment, a party aggrieved with a decision of the Revenue Appeals Tribunal had to make an initial appeal to the High Court and if dissatisfied with the Court's Judgment, appeal to the Supreme Court.

13.12 SECTION 112: PRIVACY OF PROCEEDINGS

Section 112 of the principal Act is amended in subsection (2) by the deletion of the words "the High Court or".

The amendment removes the reference to the words "High Court or". This means that only the Supreme Court can prohibit the publication of a judgement or order made on the determination of an objection or appeal.

13.13 FIRST SCHEDULE: FURTHER CLASSIFICATION OF INCOME

The First Schedule to the principal Act is amended by the substitution of paragraph 9 with the following:

(9) Amounts refunded to any person carrying on mining operations pursuant to paragraph (a) of subsection (4) of section eighty-six of the Mines and Minerals Development Act, 2015, shall be deemed to be income in the year that the refund is made.

This amendment aligns the section with the Mines and Minerals Development Act No. 11 of 2015. Prior to this amendment, this paragraph of the First Schedule made reference to Section 122 of the Mines and Minerals Act 2008 which has since been repealed.

13.14 **FOURTH SCHEDULE: APPROVED FUNDS**

The Fourth Schedule to the principal Act is amended to align the Schedule with the National Pensions Scheme (Amendment) Act No. 7 of 2015 by changing the:

- a) normal retirement age from 55 years to 60 years; and
- b) early retirement age from 50 years to 55 years.

This amendment aligns the Schedule with the National Pension Scheme (Amendment) Act No. 7 of 2015. This means that with effect from 1st January 2016, applications for approval of Pension Funds must provide in their Scheme Rules for the normal retirement age of 60 years.

Following this amendment:

- a) *existing Approved Schemes are not required to apply for approval but are required to apply for approval of a variation to the Scheme Rules; and*
- b) *upon retirement, the lump sum payments withdrawn from an Approved Fund, (employee's contributions and employer's contributions) will be exempt from tax regardless of whether the individual leaves employment at 55, 60 or 65 years of age.*

13.15 **FIFTH SCHEDULE: CAPITAL ALLOWANCES FOR BUILDINGS, IMPLEMENTS, MACHINERY AND PLANT AND PREMIUMS**

13.15.1 *The Fifth Schedule to the principal Act is amended in subparagraph (5) of paragraph 10 by the insertion, immediately after the word “in”, of the words “electricity generation”.*

This amendment extends the wear and tear allowance of fifty per centum on a straight line basis to implements, machinery and plant used in electricity generation. Only implements, machinery and plant acquired and employed in a business with effect from 1st January 2016 will qualify for this incentive.

13.15.2 *The Fifth Schedule to the principal Act is amended in subparagraph (3) of paragraph 22 by the substitution of the words “one hundred and twenty two of the Mines and Minerals Development Act, 2008” with the words “eighty-six of the Mines and Minerals Development Act, 2015”.*

This amendment aligns paragraph 22 of the Schedule with the Mines and Minerals Development Act No. 11 of 2015. Prior to this amendment, this paragraph of the Fifth Schedule made reference to Section 122 of the Mines and Minerals Act 2008 which has since been repealed.

13.16 CHARGING SCHEDULE

RATES OF TAX

13.16.1 Paragraph 3(e) - COMPANIES

The Charging Schedule to the principal Act is amended in subparagraph (1) of paragraph 3 by the substitution of clause (a) with the following:

- (a) on the income of any company whose shares are listed on the Lusaka Stock Exchange in the first year of its listing, at the rate of two percent below the rates specified –
 - (i) in clauses (b), (c), (d) and (e) of this subparagraph; and
 - (ii) in clauses (b), (c) and (d) of paragraph 5:

Provided that –

- A. a company whose shares were listed on the Lusaka Stock Exchange prior to 1st April, 2004, shall not qualify for the tax incentive referred to in this clause;
- B. where a company, whose shares are listed on the Lusaka Stock Exchange on or after 1st April, 2004, offers and sells one third of its shares to indigenous Zambians in the year of listing, the income of that company shall be charged at an additional discounted rate of five per cent below the rates specified –
 - (i) In clauses (b), (c), (d) and (e) of this subparagraph; and
 - (ii) in clauses (b), (c) and (d) of paragraph 5; and
- C. where a company, whose shares are listed on the Lusaka Stock Exchange on or after 1st April, 2004, offers and sells one third of its shares to indigenous Zambians, the income of that company shall be charged at a rate of five per cent below the rates specified –
 - (i) in clauses (b), (c), (d) and (e) of this subparagraph; and
 - (ii) in clauses (b), (c) and (d) of paragraph 5;

for the period that the one third of the company's shares are owned by indigenous Zambians;

This amendment provides clarity in the law that only companies that have listed shares on Lusaka Stock Exchange (LUSE) are entitled to a two (2) percent discount on the applicable tax rate in the first year of listing. Companies that have listed other instruments such as bonds will not be

entitled to this incentive.

The amendment further clarifies that companies that achieve a one third ownership of their listed shares by indigenous Zambians qualify for a five (5) percent reduction on their applicable corporate tax rate for as long as they maintain the qualification threshold.

NOTE:

- If a company lists shares in year 1 and also offers 1/3 shares to Zambians in the same year, the rate of tax will be reduced by 7%.
- If the company maintains the 1/3 threshold in subsequent years, it will continue to be entitled to the 5% discount.

13.16.2

Paragraph 5(g) – SPECIAL CASES

The Charging Schedule to the principal Act is amended in paragraph 5 by the insertion of the following new clause:

(g) the maximum rate of tax for income received by a person from the letting of property shall be ten percent per annum.

This amendment prescribes a rate of tax applicable on rental income at ten per cent per annum. The 10% tax rate must be applied on rental income before the deduction of any expenses.

14.0 THE PROPERTY TRANSFER TAX ACT

14.1 SECTION 1: TITLE AND COMMENCEMENT

This Act comes into operation on 1st January, 2016.

14.2 SECTION 2: INTERPRETATION

Section 2 of the principal Act is amended by the deletion of the words “Mines and Minerals Development Act, 2008” wherever they appear and the substitution therefor of the words “Mines and Minerals Development Act, 2015”.

This amendment aligns the Property Transfer Tax Act with the provisions of the Mines and Minerals Development Act No. 11 of 2015.

14.3 SECTION 3: FUNCTIONS AND POWERS OF COMMISSIONER

Section 3 of the principal Act is amended in subsection (2), by the deletion of the word “Direct” and the substitution therefor of the word “Domestic”.

This amendment replaces the word 'Direct' with the word 'Domestic' to update the provision so that the reference is made to the correct name of the Division namely “Domestic Taxes Division”.

14.4 SECTION 4: PROPERTY TRANSFER TAX

Section 4 of the principal Act is amended by the deletion of subsection (2) and the substitution therefor of the following:

- (2) The rate of tax is –
 - (a) ten per cent of the realised value in respect of a mining right or an interest in the mining right;
 - (b) five percent of the realised value in respect of land; and
 - (c) five percent of the realised value in respect of shares.

The amendment reduces the rate of Property Transfer Tax from ten percent to five percent for the transfer of land (including any buildings, structure and any improvements thereon) and shares.

The rate of tax on a mining right and an interest in the mining right has been maintained at ten percent.

NOTE:

Property Transfer Tax returns submitted before 1st January 2016 awaiting

processing by ZRA, will not be eligible for the reduced rate of 5%.

14.5 SECTION 6: EXEMPTIONS

Section 6 of the principal Act is amended by the deletion in subsection (1), of paragraph (d) and the substitution therefor of the following:

- (d) any public benefit organisation or trust listed as such under the Income Tax Act;

This amendment makes reference to the correct words “Public Benefit Organisation” and provides for consistency where the terms have been changed.

15.0 MINES AND MINERALS DEVELOPMENT ACT NO 11 OF 2015

15.1 SECTION 1: TITLE AND COMMENCEMENT

This Act comes into operation on 1st July, 2015.

15.2 SECTION 89: ROYALTIES ON PRODUCTION OF MINERALS

The Mines and Minerals Development Act No. 7 of 2008 was repealed and replaced with the Mines and Minerals Development Act No. 11 of 2015. Part VII (headed “Mineral Royalty and Charges”) of this Act is to be administered by the Commissioner-General. While this is a new Act replacing the old one, the only notable change relates to the rates provided under Section 89 as follows:

- (i) nine percent for open cast mining operations and six percent for underground mining operations of –
 - the norm value of the base metals or precious metals produced or recoverable under the mining licence;
 - the gross value of the gemstones or energy minerals produced or recoverable under the mining licence;
- (ii) six percent of the gross value of industrial minerals produced or recoverable under the mining licence;
- (iii) nine percent of the norm value for base and precious metals where the person in possession of the minerals that were extracted in Zambia, has not paid mineral royalty for the minerals;
- (iv) nine percent of the gross value of gemstones and energy minerals where the person in possession of the minerals that were extracted in Zambia, has not paid mineral royalty for the minerals; and
- (v) six percent of the gross value for industrial minerals where the person in possession of the minerals that were extracted in Zambia, has not paid mineral royalty for the minerals.

Prior to this amendment, the rates were 20% for open cast mining, 8% for underground mining and 6% for the mining of industrial minerals.

16.0 THE VALUE ADDED TAX ACT

16.1 SECTION 1: TITLE AND COMMENCEMENT

This Act comes into operation on 1st January, 2016.

16.2 SECTION 2: INTERPRETATION

Section 2 of the principal Act has been amended to provide for the definition of a fiscal cash register. The following new definition has therefore been inserted in the appropriate place:

“fiscal cash register” means an electronic device comprising, among others, electronic cash registers, fiscal printers and electronic cash register, fiscal printers and electronic signature devices that are approved by the Commissioner-General with fiscal memory and capacity to generate or produce tax invoices and other reports as may be required by the Commissioner-General;

16.3 SECTION 5: APPLICATION OF THIS ACT TO GROUPS OF COMPANIES

Section 5 of the principal Act is amended by the insertion, immediately after subsection (8), of the following new subsection:

(9) For the purposes of this section, a company that deals only in exempt supplies is not eligible to be treated as part of a recognised group.

This clarifies that businesses dealing exclusively in exempt supplies do not qualify to be part of a group for VAT registration purposes. This is regardless of the fact that a particular company dealing in exempt supplies is registered as part of the group.

16.4 SECTION 37A: PROHIBITION OF PUBLICATION OR DISCLOSURE OF INFORMATION TO UNAUTHORISED PERSONS

The principal Act is amended by the insertion, immediately after section 37, of the following new section:

37A. (1) An authorized officer or other person shall not, without the consent in writing given by the Commissioner-General, publish or disclose to an unauthorized person, otherwise than in the course of duties of that officer or person under this Act, information regarding the affairs of a person under this Act.

(2) A person who contravenes subsection (1) commits an offence and is liable, upon conviction, to a fine not exceeding two hundred thousand penalty units or to imprisonment for a term not exceeding two years, or to both.

This amendment introduces confidentiality provisions in the Value Added Tax Act and safeguards the confidentiality of taxpayers' information. However, information may be disclosed, subject to Commissioner-General's approval.

16.5 SECTION 42A: FISCAL CASH REGISTER

The principal Act is amended by the insertion, immediately after section 42, of the following new section:

- 42A. (1) Subject to subsection (2), a taxable supplier shall use a fiscal cash register to record daily sales.
- (2) Despite subsection (1), the Commissioner-General may approve the use of a document, device or equipment other than a fiscal cash register for certain categories of taxable suppliers.
- (3) A taxable supplier that contravenes this section commits an offence and is liable, upon conviction, in the case of –
- (a) a first offence, to a penalty not exceeding thirty thousand penalty units;
 - (b) a second offence, to a penalty not exceeding sixty thousand penalty units; or
 - (c) a third or subsequent offence, to a penalty not exceeding ninety thousand penalty units.

This amendment provides for the mandatory use of fiscal cash registers but empowers the Commissioner-General to allow the use of other devices. The amendment also provides criminal sanctions for the contravention of the provisions of this section.

NOTE:

Taxable suppliers will continue using approved cash registers, accounting packages and any other equipment until such a time that they are notified by the Commissioner-General to use fiscal cash registers.

16.6 SECTION 51: REGULATIONS

Section 51 of the principal Act is amended by the substitution of paragraph (h) with the following:

- (h) the use of fiscal cash registers or other equipment in recording daily sales.

17.0 THE VALUE ADDED TAX ACT (EXEMPTION) (AMENDMENT) ORDER STATUTORY INSTRUMENT NO. 102 OF 2015

17.1 TITLE AND COMMENCEMENT

This Order comes into effect on 1st January, 2016.

17.2 Group 7 – FINANCIAL SERVICES

The Order is amended in Item 7 by the deletion of paragraphs (a), (b), (c) and (d), and the insertion of the following new paragraphs (a) and (b):

- (a) the arrangement, provision, or transfer of insurance services;
- (b) the provision of the following charges and fees in the provision of financial services:
 - (i) *interest on credit, lending and deposits;*
 - (ii) *commitment and arrangement fees in provision of credit;*
 - (iii) *charges on cheques and cheque books;*
 - (iv) *charges on buying and selling of foreign currency;*
 - (v) *charges on negotiable bills;*
 - (vi) *charges on special clearance;*
 - (vii) *charges on letters of credit;*
 - (viii) *commission on drafts and transfers;*
 - (ix) *charges on savings accounts;*
 - (x) *charges for any account maintenance activity or ledger fees;*
 - (xi) *charges for closure of accounts;*
 - (xii) *commission and any charge on internet banking including electronic transfers, online, mobile banking and Telegraphic Transfer transactions;*
 - (xiii) *Bank of Zambia treasury bills handling charges; and*
 - (xiv) *commission on postage;*

The amendment in paragraph (a) exempts the provision of non-life insurance services from VAT. The amendment further extends the exemption from VAT to all types of commissions charged by Insurance Brokers in the course of arranging insurance services (brokerage services). Prior to this amendment, only life insurance services and re-insurance services were exempt from VAT.

Insurance premiums received by any person carrying on insurance business will be subject to an insurance premium levy at the rate of 3%. However, commission earned by Insurance Brokers from the arrangement of insurance services (brokerage services) will not be subject to an insurance premium levy in addition to being exempt from VAT.

The amendment in paragraph (b) provides clarity on the type of supply that is exempt from VAT.

17.3 GROUP 16 – FOOD AND AGRICULTURE

The Order is amended in Item 16 by the deletion of the word “Wheat” in subparagraph (iii) of paragraph (a).

The amendment provides clarity that the product “Wheat” is zero rated as provided for in Item 9 (Food and Agriculture) of the Zero Rating Order No. 69 of 2014.

18.0 THE VALUE ADDED TAX ACT (ZERO RATING) (AMENDMENT) ORDER STATUTORY INSTRUMENT NO. 88 OF 2015

18.1 TITLE AND COMMENCEMENT

This Order comes into effect on 1st January, 2016.

18.2 Group 1 – EXPORTS OF GOODS

The Schedule to the principal Order is amended in Group 1 by –

- (a) the deletion of paragraph (h); and
- (b) the renumbering of paragraph (i) as paragraph (h).

This amendment removes exports by tourists from the Zero Rating Order. The principal Act already provides for a Tourist Refund Scheme under Section 19, therefore the inclusion of supplies to tourists under the Zero Rating Order created a duplication of the same provision.

19.0 THE VALUE ADDED TAX (GENERAL) (AMENDMENT) REGULATIONS, 2015

19.1 TITLE AND COMMENCEMENT

These Regulations come into operation on 1st January, 2016.

19.2 REGULATION 2: INTERPRETATION

Regulation 2 of the principal Regulations is amended by the insertion, in the appropriate place, of the following definition:

“electricity generation” means the production of electrical energy using physical and non-physical sources of energy such as water, wind, solar, petroleum, coal, biomass and any other source, except wood;

This amendment introduces a definition of electricity generation that includes other alternative energy sources such as wind, solar, water, petroleum, coal, biomass and any other source, except wood.

19.3 REGULATION 13: INTENDING TRADERS

Regulation 13 of the principal Regulations is amended by the substitution of sub-regulation (4) with the following:

(4) A supplier that is registered in anticipation of commencing trading activities, in these Regulations referred to as “an intending trader”, may claim input tax credit or deduction in respect of goods or services that are received in the case of –

- (a) electricity generation, farming and mining, within a period of four years after registration;
- (b) exploration, within a period of seven years after registration as an intending trader; and
- (c) any other intending trader, within a period of two years after registration.

This amendment increases the number of years to four years from two years, for which suppliers in the electricity generation industry may claim input VAT as an intending trader.

20.0 INSURANCE PREMIUM LEVY ACT, 2015

20.1 TITLE AND COMMENCEMENT

This Act comes into operation on 1st January, 2016.

20.2 SECTION 2: INTERPRETATION

The following definitions have been provided:

“broker” has the meaning assigned to it in the Insurance Act, 1997, defined in that Act as follows:

“broker” means a person who, on behalf of an insured person or a person who intends to take up an insurance policy, arranges insurance policies;

“Commissioner General” has the meaning assigned to it in the Zambia Revenue Authority Act;

“insurance agent” has the meaning assigned to it in the Insurance Act, 1997, defined in that Act as follows:

“insurance agent” means a person who, not being a salaried employee of an insurer-

- (a) initiates insurance business; or*
- (b) does any act in relation to the receiving of proposals for insurance, the issue of temporary insurance cover- notes, or the collection of premiums; on behalf of an insurer;*

“insurance business” has the meaning assigned to it in the Insurance Act, 1997, defined in that Act as follows:

“insurance business” means the business of issuing policies of insurance and includes re-insurance business;

“insurer” has the meaning assigned to it in the Insurance Act, 1997, defined in that Act as follows:

“insurer” means a company that carries on insurance business

“levy” means the insurance premium levy charged under section four;

“policy” has the meaning assigned to it in the Insurance Act, 1997, defined in that Act as follows:

“policy” means an insurance contract of any kind.

20.3 SECTION 3: POWERS OF THE COMMISSIONER-GENERAL

The Act empowers the Commissioner-General to give effect to the provisions of the Insurance Premium Levy Act No. 21 of 2015.

20.4 SECTION 4: CHARGE OF LEVY

The Act imposes a three percent levy on all insurance premiums collected by insurers, insurance agents and brokers. This is as provided for in Section 4 which states as follows:

“A three percent levy shall be charged, levied, collected and paid, on insurance premiums in respect of insurance policies for all classes of insurance business carried on by insurers, insurance agents or brokers”.

The Act provides for a three percent levy on premiums for all classes of insurance business including re-insurance.

The commissions that are earned on insurance brokerage are not subject to a charge of the levy because commissions are not classified as insurance business. The brokers merely facilitate or act on behalf of the insurer and the insured.

Example 1: Computation of Insurance Levy

Mr. ZB took out an insurance policy on his motor vehicle insured at a value of K 150,000.00. The insurance premium payable amounted to K10,500.00. The insurance levy payable will be computed as follows:

Insurance premium payable	K 10,500.00
Insurance levy @ 3%	K 315.00
Total invoice value	K 10,815.00

20.5 SECTION 5: WHEN LEVY BECOMES DUE

The levy is due in the same month in which the insurance premium is paid or becomes payable.

However, the levy may be remitted to the Zambia Revenue Authority not later than the fourteenth day of the month following the month in which the levy is paid or becomes payable. The obligation to remit the levy lies with the insurer, insurance agent or broker.

Example 2:

In example 1 above, assuming the insurer for Mr. ZB received the insurance premium on 10th January, 2016, the insurance company will be required to remit the insurance levy of K 315.00 not later than the 14th February, 2016.

Example 3:

Using the facts as in example 1 above, the premium of K10,500.00 was payable on 10th January, 2016 but was only paid on 1st March, 2016 to the insurance company.

In that case, the levy (K315.00) should be remitted to the Zambia Revenue Authority not later than 14th February, 2016.

20.5.1 PREMIUMS PAID IN 2015 FOR 2016 INSURANCE COVERS

This case relates to a scenario where a renewal notice has been issued for a cover commencing on 1st January 2016.

Where a payment is made in 2015 for the 2016 cover or where an invoice is issued in 2015 for the 2016 contract period, a tax point would have been created under the Value Added Tax Act Cap 331 and therefore tax is payable.

However, since there will be insurance levy payable for the same period, the Commissioner General will through Gazette Notice vary the tax point rules to mitigate inequity in the laws. The Gazette Notice will provide that there will be no VAT chargeable in respect of the two instances.

The insurance premium will be deemed to have been paid in January 2016 and the levy shall be paid by 14th February 2016.

20.5.2 INSURANCE COVERS FROM OCTOBER 2015 TO SEPTEMBER 2016

This case relates to a scenario where a renewal notice and tax invoice have been issued for a cover commencing on 1st October 2015 and expiring or ending on 30th September 2016.

Where a payment is made in 2015 for the October 2015 to September 2016 cover and an invoice has been issued in 2015, a tax point would have been created under the Value Added Tax Act Cap 331 and therefore tax is payable.

For this insurance contract, the insurer is required to charge VAT accordingly.

The tax treatment as accorded to the scenario above, will apply to any insurance policy covering both 2015 and 2016 respectively.

20.6 SECTION 6: EXEMPTION

The Act empowers the Minister to exempt, by statutory instrument, any person from the payment of the levy.

20.7 SECTION 7: RECOVERY OF LEVY

Subject to the provisions of this Act, the Value Added Tax Act applies, with necessary modification, to this Act in respect of –

- (a) the recovery of the levy;
- (b) the filing of returns;
- (c) assessments;
- (d) the keeping of records;
- (e) the furnishing of information and production of documents;
- (f) delegation of authority;
- (g) the appointment of authorised officers;
- (h) penalties and sanctions;
- (i) reviews and appeals; and
- (j) the priority of tax debts in bankruptcy.

The Value Added Tax Act will apply in respect of the above regarding enforcement and administration of the Insurance Premium Levy Act. For instance, the penalties applicable for the late submission of VAT returns of 1000 penalty units per day or 0.5% of the tax due, whichever is greater, will also apply to the late submission of the insurance premium levy return.

Table 5: Penalties

No.	Penalty Type	Penalty Rate
1	Late registration	10,000 penalty units
2	Late submission of return	1,000 penalty units per day or 0.5% of the tax due
3	Late payment	1,000 penalty units per day or 0.5% of the tax due
4	Late payment interest	Bank of Zambia discount rate plus 2%

20.8 SECTION 8: REGULATIONS

The Minister may, by statutory instrument, make regulations for the proper administration of this Act.

20.9 SECTION 9: ADMINISTRATIVE RULES

The Commissioner-General may, by notice in the Gazette, make administrative rules for the proper administration of this Act.

A Gazette Notice shall be issued to provide for the format of the return and that electronic returns should be submitted not later than the fourteenth day of the following month after the month in which the premium is paid or is payable.

21.0 THE CUSTOMS AND EXCISE (AMENDMENT) ACT NO. 18 OF 2015

21.1 SECTION 1: TITLE AND COMMENCEMENT

This Act comes into operation on 1st January, 2016.

21.2 SECTION 88D: SELF ASSESSMENT

The principal Act is amended by the insertion immediately after Section 88 C of the following:

88(D)(1) The Commissioner-General may authorise an importer, exporter or manufacturer of excisable goods to make a self-assessment under this Act, wherever the Commissioner-General is empowered to make an assessment.

The amendment allows an importer, exporter or manufacturer of excisable goods to make a self-assessment where the Commissioner-General has so authorised.

88(D)(2) The Commissioner-General may make rules for the conduct of self-assessment by authorized importers, exporters or manufacturers.

This amendment empowers the Commissioner-General to make rules for the conduct of the self-assessment by an importer, exporter or manufacturer of excisable goods.

21.3 SECTION 155A: OFFENCES BY BODY CORPORATE OR UNINCORPORATED BODY

The principal Act is amended by the insertion immediately after section 155 of the following:

155A. Where any offence under this Act has been committed by a body corporate or an unincorporated body, every director or manager of the body corporate or unincorporated body shall be liable, upon conviction, as if the director or manager had personally committed the offence, unless the director or manager proves to the satisfaction of the court that the act constituting the offence was done without the knowledge, consent or connivance of the director or manager or that the director or manager took reasonable steps to prevent the commission of the offence.

The amendment provides for the prosecution of directors of a company, where the company commits an offence under this Act.

21.4 SECTION 188: PERSONS CARRYING ON BUSINESS TO KEEP PROPER BOOKS

21.4.1 Section 188 of the principal Act is amended by the substitution of subsection (1) with the following:

- (1) *A person carrying on a business in Zambia which involves handling or dealing in goods which are imported or exported or which are subject to excise duty or surtax shall keep or cause to be kept in Zambia, in the English language, reasonable and complete records of all of that person's transactions for a period of six years.*
- (2) *A person required to keep a record under subsection (1) shall, if required at any time within a period of six years after the date of the importation, exportation, manufacture or purchase of any goods, produce the bills of lading, rail notes, invoices, and all other documents including electronic documents containing all particulars regarding those goods, and shall allow such books, accounts, and documents including any electronic documents and electronic record systems at all times within such period to be open for inspection by any officer.*
- (3) *A person required to keep records under this section shall keep records for the period required by or under this Act.*
- (4) *The Commissioner-General may require a person to keep records for a longer period where the Commissioner-General determines that the records are required for the purposes of enforcement of this Act; and*

This amendment increases the period required for a taxpayer to retain records to six years from five years. However, the Commissioner-General may require a person to keep records for a longer period if required for the purposes of enforcement.

21.5 SECTION 190: APPEALS TO TRIBUNAL

The principal Act is amended by the deletion of section 190 and the substitution thereof of the following:

190. A person who is aggrieved by a decision or determination made by the Commissioner-General under this Act or under any regulations or rules made under this Act, may appeal to the Tribunal in such manner and within the time prescribed under the Tax Appeals Tribunal Act, 2015.

The amendment aligns the appeal process with the provisions of the Tax Appeals Tribunal Act.

21.6 SECOND SCHEDULE: EXCISE TARIFF

The Second Schedule to the principal Act is amended by the deletion of headings 4, 8 and 9 and the substitution thereof of the headings set out in Appendix II.

The amendment increases the rate of excise duty on some products as follows:

Table 6:

Heading	Description of goods	Harmonised Commodity Description and Coding System Heading	Statistical unit of quantity	Local Excise Duty Rate
4	(1) Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes	24.02	Kg	A quarter of K 200 per mille or 145% of the quarter of the selling price excluding the VAT and Excise whichever is higher
4	(2) Other manufactured tobacco and manufactured tobacco substitutes; "homogenised" or "reconstituted" tobacco extracts and essences	24.03	Kg	A quarter of K 200 per mille or 145% of the quarter of the selling price excluding the VAT and Excise whichever is higher
8	(1) Carrier bags for shopping	3923.21.91	Kg	20%
8	(2) Carrier bags for shopping	3923.29.91	Kg	20%

The amendment increases the specific duty rate for products under heading 4(1) and (2) from K90 per mille to K 200 per mille.

The amendment further increases the *ad valorem* duty rate for products under heading 8(1) and (2) from 10% to 20%.

21.7 SIXTH SCHEDULE: VALUATION OF GOODS FOR PURPOSES OF ASSESSING EXCISE DUTY OR SURTAX PAYABLE ON GOODS MANUFACTURED IN ZAMBIA

The principal Act is amended in the Sixth Schedule by the insertion immediately after paragraph (1) of clause (2), of the following:

(3) Despite anything contained in this Schedule, the value of cigarette tobacco, pipe tobacco, chewing tobacco, cigars and snuff tobacco shall be a quarter of the price at which the goods are sold.

(4) Where the tax payable under paragraph (3) is not based on a value, the amount due shall be based on a quarter of the specific rate set out in the Second Schedule.

The amendment provides for different valuation methods for locally manufactured cigarettes namely; one based on the value of the product (price) and another method based on the specific rate set out in the Second Schedule.

21.8 THE CUSTOMS AND EXCISE (EXCISE DUTY) (SUSPENSION) (AMENDMENT) REGULATIONS STATUTORY INSTRUMENT NO 81 OF 2015

This amendment reduces the duty rate on clear beer under heading 22030090 from 60% to 40%. The duty rate on clear beer made from sorghum and cassava remains the same.

PART III: OTHER MATTERS

22.0 TAXATION OF BENEFITS

(i) Payment of Employees' Bills (benefits convertible into money's worth)

Where an employer discharges the liability of an employee by paying his or her private bills or expenses such as rent, electricity, telephones, water bills, school fees, or school association fees, club membership fees and similar payments, the employer is required to add such payments to the employee's emoluments and deduct tax under PAYE.

(ii) Benefits that cannot be converted into Cash

Benefits which cannot be converted into money or money's worth are not taxable on employees. However, no deduction in respect of the cost of providing the benefit may be claimed by the employer [section 44(L) of the Income Tax Act].

(a) In the case of residential accommodation provided to an employee by the employer in a house owned or leased by the employer, the cost to be disallowed in the employer's tax computation is 30% of the taxable income paid to the employee.

Payments for utilities such as electricity, telephones, water bills, security and similar payments are not included in the meaning of free residential accommodation.

NOTE:

Leasing in this part is in respect of amounts which cannot be converted into money's worth. Any other lease which is convertible into money's worth is taxable under PAYE.

(b) In the case of the provision of motor vehicles to employees on a personal-to-holder basis, the benefit to be disallowed in the employer's tax computation is as follows:

(i) Luxury Cars

- 2800cc and below 4000cc - K20, 000 per annum.

(ii) Other Cars

- 1800cc and below 2800cc - K15, 000 per annum.
- Below 1800 cc - K9, 000 per annum.

A personal - to - holder vehicle means a vehicle provided to an employee for both business and personal use and usually involves payment by the employer of all the

expenses associated with running and maintenance of the vehicle.

(iii) Cash Benefits paid in the form of Allowances.

All cash benefits paid in the form of allowances are taxable on the employee under PAYE.

Examples of such cash benefits are:

- Education allowance;
- Housing allowance;
- Transport/fuel allowance;
- Domestic Utility allowances e.g. for electricity, telephone and water;
- Commuted car allowance;
- Settling in allowance;
- Allowances paid in recognition of an employee's professional qualifications etc.

22.1 EMOLUMENTS THAT ARE NOT SUBJECT TO PAYE

The following emoluments are exempt or otherwise not chargeable to income tax and, consequently, need not be included in the taxable emoluments.

(i) Ex – Gratia Payments:

A voluntary, non – contractual, non – obligatory payment made by an employer to the spouse, child or dependant of a deceased employee is exempt (Paragraph 7 (t) of the 2nd Schedule to the Income Tax Act).

(ii) Medical Expenses:

Medical expenses paid or incurred by an employer on behalf of an employee or refunds of actual medical expenses incurred by an employee are exempt (Statutory Instrument No. 104 of 1996).

(iii) Funeral Expenses:

Funeral expenses paid or incurred by an employer on behalf of an employee are exempt (Statutory Instrument No. 104 of 1996).

(iv) Sitting Allowances for Councillors:

Payments by Local Authorities to Councillors as Sitting Allowances are exempt [Paragraph 7(s) of the 2nd Schedule to the Income Tax Act].

(v) Labour Day Awards

Labour Day awards paid to employees either in cash or in kind are non-taxable.

23.0 TAX TREATMENT OF CERTAIN EXPENSES.

23.1 TAX TREATMENT OF EXPENSES INCURRED ON ENTERTAINMENT, HOSPITALITY AND GIFTS

Expenses incurred on entertainment, hospitality and gifts are not allowable, subject to the following exceptions:

- a) where the business is one whose purpose is to provide entertainment or hospitality, e.g. hotels, restaurants, cinemas and theatres, the cost of providing those services is allowable;
- b) where entertainment is provided free of charge with the purpose of obtaining publicity from the general public, e.g. free seats for critics at a cinema;
- c) where an employer provides entertainment or hospitality for employees, e.g. meals, accommodation etc on business trips or a Christmas Party for employees;
- d) where a person gives gifts which bear an advertisement for the donor, e.g. calendars, pens, key holders, diaries, and other such like items, as long as the cost of the gift(s) to any one person does not exceed K100 in a charge year. The cost of gifts in excess of K100 to the same person is disallowable.

Note: i) Employees receiving entertainment allowances will be taxed under PAYE and the amount would be disallowable to the employer.

ii) Where an employer defrays entertainment expenses directly, the cost will be disallowable to the employer but there will be no charge on the employee unless the normal rules regarding benefits apply.

23.2 TAX TREATMENT OF CANTEEN EXPENSES AND REFRESHMENTS

Where the employer incurs expenditure on the provision of refreshments or canteen meals or any other meals (except on business trips) to employees, the benefit arises in the hands of the employees. As the benefit cannot be converted into money's worth, it is not taxable on the employee.

Under the provisions of Section 44(l) of the Income Tax Act, the whole expenditure on refreshments, canteen meals, etc. is disallowable on the employer.

24.0 PAYMENTS ON CESSATION OF EMPLOYMENT

Payments on cessation of employment fall into the following categories, among others;

- (a) payments made on dismissal or resignation;
- (b) payments made to an employee at the end of a contract;
- (c) payments made to an employee on redundancy;
- (d) payments made to an employee on retirement; and
- (e) payments made on the termination of employment due to the death of an employee.

(a) DISMISSAL OR RESIGNATION OF AN EMPLOYEE

Where an employee has been dismissed or resigns, the employee may receive the following payments:

- (i) salary, wage, overtime, leave pay, commission, bonus, a fee;
- (ii) cash in lieu of leave (leave days due but not taken);
- (iii) salary in lieu of notice;
- (iv) severance pay; and
- (v) gratuity (see treatment for gratuity in paragraph (b) below).

Payments (i) to (iv) above are taxable by reference to the PAYE Tax Tables applicable for the month in which the payment accrued and do not qualify for the K35,000 exemption under Section 21(5) of the Income Tax Act.

(b) EXPIRY OF EMPLOYMENT CONTRACT

Where employment ceases on the expiry of a contract, the following payments are usually made to an employee:

- (i) a final salary;
- (ii) gratuity;
- (iii) leave pay; and
- (iv) repatriation pay.

These payments are taxed as follows:

- Leave pay, repatriation pay and the salary are added and taxed under PAYE with respect to the tax table applicable for the month in which the payment accrues to the employee.
- Qualifying gratuity paid is taxed as follows:

Table 7

Qualifying Gratuity Bands	Rates
First K36,000	@ 0%
Above K36,000	@ 25%

A qualifying gratuity is one that meets the following conditions:

- (i) is paid upon the termination of a written contract;
 - (ii) the contract duration is not less than two years; and
 - (iii) is not more than 25% of the basic salary earned during the period of employment.
- Non - qualifying gratuity is added to the salary for the month in which it is paid and taxed with reference to the appropriate PAYE tax table.

Non qualifying gratuity is gratuity that does not meet any of the criteria set out under qualifying gratuity.

NOTE: Where all other conditions are met but the gratuity rate exceeds 25%, the first 25% will qualify and the excess will be treated as non-qualifying.

(c) REDUNDANCY /RETRENCHMENT

The following payments may be made to an employee who has either been declared redundant or has been retrenched:

- (i) salary;
- (ii) leave pay;
- (iii) repatriation pay;
- (iv) Refund of pension contributions (from an approved Pension Scheme);
- (v) salary in lieu of notice;
- (vi) severance pay;
- (vii) accrued service bonuses; and
- (viii) compensation for loss of office.

The above payments are taxed as follows:

- Salary, leave pay, salary in lieu of notice, accrued service bonuses are taxed under PAYE in the month in which they accrue to the employee;
- Repatriation allowance, Severance pay and Compensation for loss of office shall be taxed as follows:

The first K35,000 is exempt from tax and the balance is taxed at 10% (Section 21(5)).

- The refund of an employee's pension contribution is taxed as a lump sum payment at the rate of 10% (Section 82).
- The refunded employer's pension contribution will be subjected to tax under the PAYE System.

(d) EARLY, NORMAL OR LATE RETIREMENT

Where an employee goes on early, normal or late retirement, the following payments may be made:

- (i) salary;
- (ii) leave pay;

- (iii) repatriation pay;
- (iv) pension from an approved pension fund;
- (v) accrued service bonuses; and
- (vi) severance pay.

The above payments are taxed as follows:

- Salary, leave pay and accrued service bonuses are taxed under PAYE in the month in which payment accrues to the employee.
- Repatriation pay and severance pay shall be taxed as follows:
 - The first K35, 000 is exempt from tax and the balance is taxed at 10%; (Section 21(5))
 - Pension from an approved fund is exempt from tax (Paragraph 7(q) of 2nd Schedule to the Income Tax Act).

(e) TERMINATION OF EMPLOYMENT DUE TO DEATH

The following payments may be made upon the death of an employee:

- (i) salary;
- (ii) leave pay;
- (iii) gratuity;
- (iv) an ex-gratia payment;
- (v) accrued service bonuses;
- (vi) pension; and
- (vii) severance pay.

The above payments are taxed as follows:

- The salary up to the date of death, leave pay and accrued service bonuses are taxed under PAYE in the month in which the payments accrued to the employee.
- Gratuity is taxed as in paragraph 24.0 (b) above.
- Ex-Gratia payments are exempt from tax.
- The tax treatment of pension is the same as for early, normal or late retirement in 24.0 (d) above.

24.1 TAX TREATMENT OF LEAVE PAY AND SALARY IN LIEU OF NOTICE

All employers should take note that Leave Pay and Salary in Lieu of Notice, received on resignation, dismissal, expiry of contract, redundancy or retrenchment, early retirement, normal retirement, late retirement or on termination of employment due to death, will not be classified as terminal benefits under Section 21(5) of the Income Tax Act. Payments made in such cases should be subjected to tax under PAYE scheme in the normal way.

24.2 TAX TREATMENT OF LUMP SUM PAYMENTS MADE ON MEDICAL GROUNDS

Where the employer, on medical advice from a registered medical practitioner or medical institution, determines that an employee is permanently incapable of discharging his/her duties through infirmity of mind or body, the employer may terminate the services of an employee.

A lump sum payment made to an employee on termination of employment on medical grounds is exempt from tax.

24.3 TAX TREATMENT OF SEVERANCE PAY

In most cases employers make payments of “severance pay” upon the dismissal or resignation of an employee. Payments made in such cases should not be classified as terminal benefits under Section 21(5) of the Income Tax Act.

However, where severance pay is paid as part of a package when an employee is retrenched, declared redundant, retires normally or opts for early or late retirement, the payment should be classified as terminal benefits. The tax treatment is covered under Section 21(5) of the Income Tax Act.

NOTE:

This provision does not apply to payments made after 5th January 2016 when the Constitution was amended.

24.4 THE CONSTITUTION OF ZAMBIA (AMENDMENT) ACT NO. 2 OF 2016

The amendment Act to the Constitution of Zambia which was assented to by the President on 5th January 2016 has defined “pension benefit” under Article 266 as follows:

“Pension Benefit includes a pension, compensation, gratuity or similar allowance in respect of a person's service.”

In relation to the taxation of the pension benefit, the Constitution provides for the following new Articles:

188. (1) A pension benefit shall be reviewed periodically to take into account actuarial assessments. (2) A pension benefit shall be exempt from tax.

189. (1) A pension benefit shall be paid promptly and regularly. (2) Where a pension benefit is not paid on a person's last working day, that person shall stop work but the person's name shall be retained on the payroll, until payment of the pension benefit based on the last salary received by that person while on the payroll.

This amendment therefore extends the tax exemption to compensation, gratuity, severance pay, repatriation and other similar allowances received in respect of a person's services at cessation of employment or expiry of contract. This amendment is with effect from 5th January 2016.

25.0 TAX TREATMENT OF SETTLING IN ALLOWANCES

Settling in allowances, by whatever name called, paid to new employees and employees on transfer constitute emoluments and should be subjected to tax under the PAYE Scheme.

26.0 TAXATION OF RENTAL INCOME

Rental income received by any person is subject to withholding tax at the rate of 10% and it is a final tax. However, landlords may obtain approval from the Commissioner-General to receive rentals without the deduction of withholding tax.

26.1 Withholding Tax System

26.1 Tenant's obligations

A Tenant must –

- (i) register for withholding tax and obtain a Taxpayer Identification Number;
- (ii) submit, to the Commissioner-General, a withholding tax return within 14 days following the month of payment of the rentals;
- (iii) deduct and pay the withholding tax amount within 14 days following the month of deduction; and
- (iv) give a copy of the receipt in respect of the payment and certificate of deduction to the landlord within 14 days of making the payment.

26.2 Landlord's obligations

A landlord must -

- (i) register for income tax and obtain a Taxpayer Identification Number (TPIN);
- (ii) provide their TPIN to the tenant;
- (iii) submit a provisional tax return;
- (iv) submit annual income tax returns making full declaration of the rental income and other income received during the year.

26.3 Penalties for non-compliance by the tenant

Where a person fails to submit the Withholding Tax return and /or certificate to the Commissioner-General or to any other person authorised by the Commissioner, there shall be charged a penalty of -

- in a case of an individual 170 penalty units per month or part thereof during which such failure continues, or
- in a case of a company 340 penalty units per month or part thereof during which such failure continues.

Note

A penalty unit is Thirty Ngwee

26.4 Landlord's obligations where Commissioner-General grants approval to receive rental income without the deduction of tax

26.5 Application

The amendment to Section 82A empowers the Commissioner-General to issue a withholding tax exemption certificate to persons in receipt of rental income. This is in order to allow landlords receive gross rental income without the deduction of withholding tax (WHT)

To be eligible for this scheme, landlords are required to apply to the Commissioner-General stating therein grounds for such application. If satisfied with the reasons for the application and compliance status, the Commissioner-General may grant the withholding tax exemption.

26.6 Obligations

Any person that has been granted approval to receive gross rentals, will be required to account for withholding tax under the tenant's account. The Landlord will have the following tax obligations:

- (i) register for Taxpayer Identification Number (TPIN) and Income Tax;
- (ii) remit the withholding tax to Zambia Revenue Authority by the 14th day of the month;
- (iii) obtain the TPIN and/or any other identification number of the tenant;
- (iv) file in a monthly withholding tax return bearing the details of the tenant;

27.0 PART IV: TAX RATES

(a) **Personal Income Tax Rates:** Personal Income tax rates are as follows:

Table 8

Income Bands	Rates
First K36,000	@ 0%
Above K36,000 up to K45,600	@ 25%
Above K45,600 up to K70,800	@ 30%
Above K70,800	@ 35%

(b) **Other Income Tax Rates**

Category	Rate (%)
Mining operations (variable profit tax)	$Y = 30\% + [15\% - (ab/c)]$, where: Y = tax rate to be applied per annum; a = 15%; b = 8%; and c = the percentage ratio of the assessable income to gross sales
Mining operations other than industrial minerals	0
Mineral processing	30
Manufacturing & other companies	35
Public Benefit Organisation (on income from business)	15
Agro-processing	10
Farming	10
Non- traditional exports	15
Chemical manufacture of fertilizer	15
Organic Manufacture of fertilizer	15
Trusts, deceased or bankrupt estates	35
Rural enterprises	Tax chargeable reduced by 1/7 for 5 years
Business enterprise operating in a priority sector declared under the Zambia Development Agency Act, 2006 (For ZDA licence holders obtained prior to 11 th October 2013)	0% for the first 5 years Rate reduced by 50% from 6 -8 years Rate reduced by 25% from 9-10 years
Manufacturing enterprise located in a rural area, Multi Facility Economic Zone or industrial park	0 % for the first 5 years from commencement of operations.
Electronic communication business: First K250, 000	35
Above K250, 000	40

(c) **Withholding Tax Rates**

Table 10

Category	Rate (%)
Dividends (Final Tax)	15
Dividends paid by a company carrying on mining operations	0
Dividends paid to an individual by a company listed on the Lusaka Stock Exchange (LUSE)	0
Dividends paid by a company engaged in the assembly of motor assembly, motor cycles and bicycles	0 (First 5 years)
Dividends declared from farming income	0 (First 5 years)
Dividends paid by a manufacturing enterprise located in a rural area, Multi Facility Economic Zone or industrial park	0 % for the first 5 years from commencement of operations.
Interest on GRZ bonds (Final Tax for Individuals & Exempt Organisations only)	15
Interest for individuals (earned from banks or building societies savings and deposit accounts),	0
Interest on Treasury Bills for Individuals (Final Tax)	15
Interest on Treasury Bills (Final Tax for Exempt Organisations)	15
Other Interest	15
Royalties (Residents)	15
Royalties to Non - Residents	20
Rent (Final Tax)	10
Commissions (Residents)	15
Commissions paid to Non-Resident persons (Final Tax)	20
Public Entertainment Fees for Non- Residents (Final Tax)	20
Management and Consultancy Fees to Non -Residents	20
Non-Resident Contractors (Final Tax)	20
Payment or Distribution of Branch Profits	15
Payment of Winnings from Gaming, Lotteries and Betting	20

Notes:

- (i) Interest includes that awarded by the Courts of Law.
- (ii) The term "Royalty" includes income from leasing and therefore leasing income is subject to withholding tax.

(d) VAT Rate

Category	Rate
Standard Rate	16%
Zero-Rate	0%
Exempt	Not taxable

(e) Property Transfer Tax Rates

Category	Rate
Land(including buildings, structures or improvements there on)	5%
Shares	5%
Mining Right/ Interest in Mining Right	10%

(f) Mineral Royalty

Description	Rate
Open Cast Mining	9% of norm or gross value
Underground Mining	6% of norm or gross value
Industrial Minerals	6% of gross value
Person in possession of minerals (other than industrial minerals)	9% of norm or gross value
Person in possession of industrial minerals	6% of gross value

(g) Penalty Units

A penalty unit is Twenty Ngwee (Fees and Fines Act, Statutory Instrument No. 8 of 2014)

28.0 DOMESTIC TAXES CONTACT ADDRESSES:

If you have any problems concerning your taxes, please contact the Client Services Centres or your nearest Domestic Tax Office at the following addresses:

- | | |
|---|--|
| <p>1 Client Services Centre
New Revenue Hall
Private Bag W136
Lusaka
Tel: Zamtel Network: (01) 383228
Airtel Network: 0971 283228 MTN Network: 0962 253228
Fax: 021 1 226227</p> | <p>2 Client Services Centre
Nchanga House
P. O. Box 20454
Kitwe
Tel: Zamtel Network: (01) 38 4420
Airtel Network: 0971 28 4420
Fax: 021 2 222942</p> |
| <p>3 Client Services Manager – Large Taxpayer Office
6th Floor, Revenue House
P.O. Box 35710
Lusaka
Tel: Zamtel Network: (01) 38 2626
Airtel Network: 0971 28 2626
Fax: 021 1 220283</p> | <p>4 Assistant Director
Design & Monitoring - Taxpayer Services
P. O. Box 35710
Lusaka
Tel: Zamtel Network: (01) 382505
Airtel Network: 0971 28 2505
Fax: 021 1 221075</p> |
| <p>5 Assistant Director
Design & Monitoring – Policy & Legislation
P. O. Box 35710
Lusaka
Tel: Zamtel Network: (01) 38 2504
Airtel Network: 0971 28 2504
Fax: 021 1 221075</p> | <p>6 Assistant Director
Design & Monitoring – Processing and Enforcement
P. O. Box 35710
Lusaka
Tel: Zamtel Network: (01) 38 2502
Airtel Network: 0971 28 2502
Fax: 021 1 221075</p> |
| <p>7 Assistant Director
Design & Monitoring – Audit
P. O. Box 35710
Lusaka
Tel: Zamtel Network: (01) 38 2506
Airtel Network: 0971 28 2506
Fax: 021 1 221075</p> | <p>8 Assistant Director
Large Taxpayer Office – Non-mining Audit Unit
P. O. Box 35710
Lusaka
Tel: Zamtel Network: (01) 38 2602
Airtel Network: 0971 28 2602
Fax: 021 1 220283</p> |
| <p>9 Assistant Director
Large Taxpayer Office – Processing and enforcement
P. O. Box 35710
Lusaka
Tel: Zamtel Network: (01) 38 2604
Airtel Network: 0971 28 2604
Fax: 021 1220283</p> | <p>10 Assistant Director
Large Taxpayer Office – Mining Audit Unit
P. O. Box 35710
Lusaka
Tel: Zamtel Network: (01) 38 2605
Airtel Network: 0971 28 2605
Fax: 021 1 220283</p> |

- 11 Assistant Director
Small Taxpayer Office - Lusaka
P.O. Box 35710
Lusaka
Tel: Zamtel Network: (01) 38 3237
Airtel Network: 0971 28 3237
Fax: 021 1 229744
- 12 Assistant Director
Small Taxpayer Office - Copperbelt
P.O. Box 70181
Ndola
Tel: Zamtel Network: (01) 38 4101
Airtel Network: 0971 28 4101
Fax: 021 2 614096
- 13 Assistant Director
Medium Tax Office – South
P.O. Box 35710
LUSAKA
Tel: Zamtel Network: (01) 38 2100
Airtel Network: 0971 28 2100
Fax: 021 1 229744
- 14 Assistant Director
Medium Tax Office – North
P.O. Box 20855
Kitwe
Tel: Zamtel Network: (01) 38 4500
Airtel Network: 0971 28 4500
Fax: 021 2 229942
- 15 Provincial Manager
Small Taxpayer Office - Central
P.O. Box 80909
Kabwe
Tel: Zamtel Network: (01) 38 1005
Airtel Network: 0971 28 1005
Fax: 021 5 223642
- 16 Provincial Manager
Small Taxpayer Office - Western
P.O. Box 910110
Mongu
Tel: 021 7 221662
Fax: 021 7 221662
- 17 Provincial Manager
Small Taxpayer Office - Eastern
P.O. Box 510632
Chipata
Tel: 021 6 221155
Fax: 021 6 221155
- 18 Provincial Manager
Small Taxpayer Office - Southern
P.O. Box 60597
Livingstone
Tel: Zamtel Network: (01) 38 3803
Airtel Network: 0971 28 3803
Fax: 021 3 320772
- 19 Provincial Manager
Small Taxpayer Office - Luapula
P.O. Box 710112
Mansa
Tel: Zamtel Network: (01) 38 1700
Airtel Network: 0971 28 1700
Fax: 021 2 821147
- 20 Provincial Manager
Small Taxpayer Office – North-Western
P.O. Box 110368
Solwezi
Tel: 021 8 821682
Fax: 021 8 821682
- 21 Provincial Manager
Kasama Tax Office
P.O. Box 410728
Kasama
Tel: 021 4 221810
Fax: 021 4 221810
- 22 Station Manager
Small Taxpayer Office – Choma
P.O. Box 630767
Choma
Tel: 0211 381300
Pioneer Road,
Butala House
- 23 Provincial Manager
Chinsali Tax Office
P.O. Box 480002
Chinsali
Tel: 0211 381541/381540
Chitimukosa House

National Call Centre
New Revenue Hall
Bag Private W136
Lusaka
Tel: Zamtel Network: (01) 381111
Airtel Network: 0971 281111
Or 5972
0962 251111



Our Values

Our commitment to serving Government, taxpayers, employees and other stakeholders is reflected in our Corporate Values:

- Integrity*** : exhibiting the highest standards of personal probity and behaviour;
- Professionalism*** : performing official duties with skill, care and diligence; and providing the public with service and advice in a professional manner;
- Fairness*** : performing official duties in an impartial manner free of political, personal or other biases;
- Equity*** : treating all taxpayers, colleagues and members of the public equitably in accordance with the provisions of legislation and procedures in force;
- Courtesy*** : treating all taxpayers, colleagues and members of the public with courtesy and being sensitive to their rights, duties and aspirations;
- Teamwork*** : working as a team, not only to reinforce each other's divisional functions, but also at collegiate level in order to strengthen mutual confidence, respect and trust
- Value for Money*** : avoiding wastage and extravagant use of resources;
- Confidentiality*** : upholding the highest level of secrecy in respect of information that comes to one's knowledge in the course of duty;
- Goal orientation*** : focusing on the development and achievement of personal and organisational goals in the course of duty;
- Innovation*** : consistently improving on quality, quantity, timeliness and cost.